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Analysis of the Italian Venture Capital Market in 2020

A study about the influence of
COVID-19 spreading on the investment strategies of
Venture Capital funds - Healthcare sector focus

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INTRODUCTION

The scope of this paper can be defined as a research intended to understand possible trend shifts or major changes in the investment strategies employed by Venture Capital firms after early 2020, years characterized by the spreading of COVID-19 disease. The study will be further developed narrowing the research towards a specific market sector, the Healthcare industry.

The pandemic breakout changed inevitably people's lifestyle and created an urgency of supply of medical products, social distancing measures implementation and development of innovative services. The reason behind the study lies indeed in the macro-economic consequences created by the disease diffusion. We could observe some trend shifts in markets: some industries such as traditional goods and the brick & mortar business models faced high difficulties while other businesses benefited deeply from the current situation. In the light of these reactions, Venture Capital investors could behave in several ways. Understanding if they prefer to spot opportunities for profits rather than keeping a risk-adverse mindset will be indeed the final goal of this paper.

Since a complete long-term set of empirical results of Venture Capital investments made during 2020 is not available at the time this text was written, the chosen research method consist in structured interviews conducted with experienced professionals of the industry supported by an analysis of the most recent related literature.

The text is structured into chapters, the first two help to give the reader a contextual framework describing the venture capital activities and the healthcare sector. The third chapter continues describing the main effects of the pandemic spreading within several aspects of society and markets. The fourth section give an overview of the Venture Capital firms operating in Italy and includes some analysis and descriptive statistics while the following chapters encloses the content and other details of the 18 interviews elaborated by the author.

1 CHAPTER 1: VENTURE CAPITAL INVESTMENTS

1.1 Venture Capital

1.1.1 Definition

A widely shared definition of Venture Capital is the one proposed by (AIFI¹), the Italian Association of Private Equity and Venture Capital: "Investment activity of risk capital into unlisted companies with the scope of enhancement of value for the purposes of their disinvestment within a medium - long term period" (AIFI, 1998).

From this definition, it appears that Venture Capital investment consists the exploitation of Equity Capital (or exploitation of convertible securities) in a limited time frame. The target unlisted companies are usually enterprises that contain great potential for the development of new technologies, products, services and markets.

Again, Metrick and Yasuda (2010) identify four characteristics that distinguish private equity (PE) funds:

- **Financial intermediation:** these funds play the role of financial intermediaries by allowing investors, who provide capital, to invest in those target companies with the most interesting expectations
- **Investments in unlisted companies:** once the capital has been invested, the amount cannot be immediately disinvested in a regulated market
- **Sales objective:** the purpose of private equity funds is to realize a capital gain by selling the previously acquired shares
- **Active role:** these funds play an active role not only in monitoring performance of firms included in their portfolio, but participate actively also in the business management itself.

Although these characteristics define the PE activity, they can perfectly describe also the VC operations. The focus points identified by the authors make it possible to carry out some

¹ AIFI is an organization that includes financial institutions that make professional investments in target companies, in the form of risk capital, through the purchase, management and disinvestment of equity of mainly unlisted companies. Active monitoring of companies and their development is another part of the business. The Association, established in May 1986, develops, coordinates and represents, on an institutional level, the subjects active in the venture capital market in Italy.

further considerations on what is the complete definition of private equity investments. Regarding the “Financial Intermediation” characteristic, the funds differ from common private investors because they do not invest their own capital into the target companies, but they carry out a matching operation between demand and supply of capital. Using the capital raised coming from institutional investors such as banks, pension funds, insurance companies, foundations or even private individuals, Venture Capital funds invests in high expected return projects. On the second point, it is highlighted that such VC funds invest only in unlisted companies on regulated markets, a quite distinctive activity with respect to equity and bond investments of speculative/hedge funds. Furthermore, the objective to sell within a medium-long term differentiates PE funds from both financial holding companies and by industrial buyers since exists a limited time horizon for the investment. The goal indeed becomes the future divestment in order to achieve a capital gain. Finally, regarding the last point, private equity funds are considered different, especially because of the active nature of the investment they make. In fact, funds do not limit themselves at providing capital in order to allow businesses to achieve expansion and sustainability, but they exercise an active role in business management by providing valuable insights and aids to management of the investee companies, influencing positively their performance.

1.1.2 Terminology History

The term venture capital, from a terminological point of view, has historically taken some differences between Europe and the United States:

- **Europe:** venture capital activity was considered an investment in the initial phases of a company life cycle in order to ease its birth or in order to support its growth in the early stages of its business. The term private equity, on the other hand, referred to the investment of risk capital aimed at supporting the growth of the investee company during advanced phases of the lifecycle. Occasionally, private equity activities included managing proprietary problem solving such as generational shift.
- **USA:** the generic term private equity refers to the various types of investment in risk capital of unlisted companies. The category includes both the VC and buy-out² transactions. The VC particularly included both early-stage financing operations

² The term *buy out* refers to a set of operations of majority investments in risk capital of unlisted companies, usually in mature stages of their life.

(financing in order to support the early stages of life) and expansion financing (financing aimed at mature companies, giving support to their growth).

Although there are different opinions about what are the definitive definitions of VC and PE, it is easy to spot the presence of a common element in each of the alternatives: capital investments in companies with high growth potential with the scope of realizing a capital gain with a consequent sale and disinvestment. On the contrary, an element of differentiation between the two activities tends to be the risk profile. The activities of VC are characterized, typically, by a greater component of uncertainty compared to others PE activities. The risk elements, on the other hand, should also lead higher return yields since a premium is required by those investors willing to take on risky investments.

Today, although there is still some uncertainty among the specific investment activities definitions, we will use the US terminology even if treating at European level, following a process of clear methodological standardization.

1.2 Investments Classifications

Pratt (1998) classifies private equity investments into six categories:

- Seed financing;
- Start-up;
- First-stage;
- Second-stage;
- Third-stage;
- Bridge financing.

The above division is obtained by considering mainly two variables: the purpose of financing and the amount of capital required by the target company. In the **seed phase**, the funding is aimed at initiating the business idea that is often characterized by a missing prototype or an entire project currently being technically and financially validated. Consequently, the capital provided is employed completely on operational activities such as the execution of market researches, product development, prototype making and other typical needs of premature stages. Moreover, it is typically characterized by the small size of the capital to be invested.

Start-up financing instead is intended for providing the capital required for product development (in some cases the product is already developed and tested, but only at prototype-level) and for marketing activities. In this phase, typically, firms have built a well-defined team and the specific market has been already validated and analysed.

The subsequent phase of **first-stage financing** focuses on production needs and product marketing activities. **Second-stage financing** basically aims to support the company growth, typically obtained through an expansion of working capital, while **third-stage financing** consists in the final consolidation of the business growth. The last phase of financing is the so-called **bridge financing**, which leads the company to be listed on regulated markets.

This subdivision, however, should not be understood as unique and does not represent an absolute classification. Literature indeed brings many other interpretations of the investment phases and their scope. Kraft (2001), for example, proposes a classification in which it is especially emphasized the role of *turnaround financing*³. In particular, the categories proposed are:

- Early stage;
- Later stage / expansion;
- Bridge / pre-IPO;
- Buy out;
- Turnaround.

About the Italian environment however, the most important and well known classification is provided by AIFI (2000). More specifically, the variable used for discriminating the various phases is the amount of capital required. That is, based on the definition provided, Venture Capital investments include:

- Seed or Initial financing;
- Start-up financing.

³ With the term *turnaround financing*, the author means investments towards companies in a restructuring phase of life.

While private equity investments:

- Expansion financing;
- Replacement capital;
- Turnaround financing;
- Bridge financing;
- Buy out.

In accordance with what stated above, we should emphasize again how the boundaries of definitions are not always sharp and uniform but some degree of flexibility is necessary. According to the US meaning, in fact, investments targeted to the expansion of existing activities (at market or product level) fall within the venture capital category. In particular, for the purposes of this text, this latest version was adopted, considering the “expansion financing” as an investment of VC.

One of the problems encountered in these classical definitions is that they are not able to perfectly represent the complexity of today's reality. Just think, for example, about existence of different cases of newly born companies ready to go public in the most developed economic systems, or about the growing role of Information Technology or about the increasing financial engineering tools created by specialized operators. All this contributes are making the previously proposed classifications not perfectly suitable for representative purposes. As AIFI emphasizes, nowadays a division of categories would be more correct if taking into account the macro division between: strategic needs of the company, problems associated with them and the objectives that the entrepreneur himself has defined as crucial.

Following these considerations, three main categories may be identified:

- Start-up financing;
- Development financing;
- Financing of change / rethinking;

Venture capital investments refer to the first of these while the last two, are considered private equity investments. However, for the purposes of this document, the venture capital activity will be described in detail with its two investment categories described below based on the classical literature: Early Stage financing and Late Stage financing.

1.2.1 Early Stage Financing

Early-stage financing traditionally includes both the seed phase and the start-up financing phase (with the definition of Pratt 1981, would also include first-stage financing). With the term, we intend the capital injections in a medium to long-term perspective with the aim of supporting the birth of new businesses which are in an early stage of their lifecycle and support their growth in more advanced stages. Usually at this stage the entrepreneur, given the lack of profitability, needs a considerable amount of capital to promote the development of the young firm, thus responding to the liquidity needs that cannot be covered by self-financing, which would be impossible given the precocity of the activity. Furthermore, some insights about know-how knowledge are fundamental as well. As we already mentioned, the venture capitalist does not limit himself to providing resources to target companies but provides a set of technical and managerial skills fundamental for successfully guiding the young company in the process of entering the market. In fact, it contributes concretely to numerous operations such as the correct definition of the entrepreneurial path, product or service positioning on the market and again, ensure an efficient composition of the team.

1.2.2 Late Stage Financing

At this stage, the company has already reached a certain level of maturity, having a well-established and structured project. The request for liquidity responds to the need of strengthen the sustainable growth of the company. This goal may be reached by expanding the production capacity, the diversification of the latter and eventually the acquisition or integration of others companies and their branches. At this stage, in addition to the precious consulting-intervention of the venture capitalist, the network that the investor is able to provide plays a particularly crucial role for the firm's development. This highlights how, also from the entrepreneur the point of view, the choice of relying on a particular venture capital company has a very significant impact on the future of the business. For projects of abroad expansion for instance, the choice of a collaborator with extensive experience and an abundant network of international contacts usually appears to be appealing for the company. In the case of internal development, however, the contribution of the VC will be purely financial related, helping to support the expenses for growth projects while the network will play a minor role.

1.3 Venture Capital Characteristics

Tyebjee and Bruno (1984) describe venture capitalists as those who invest risky capital in young and small companies but with excellent growth prospects. VC companies typically use several criteria for evaluating the profile of the company being analysed but we will treat this later in the following chapter. Among the various criteria involved, the team and the business idea itself certainly play particular importance but the sector in which they want to invest is crucial as well. The latter must show excellent growth prospects in the medium term. Even if a company have an exceptional team in terms of motivations and skills, but it is operating in a depressed and stagnant sector, he would easily fail to attract capital from VC. Indeed, sectoral growth rates should be high to maximize the capital injection from limited partners in order to meet their objectives about expected returns. *Limited partners* are typically large financial institutions granting economic resources to venture capitalists in order to reach returns on the investment that can achieve around 25% -30% per year (Harvard Business Review, 1998). In assessing which fund would be the most promising, the partners give considerable importance to the reputation of the venture capital company and its past success history. Indeed financial institutions are not really concerned about the actual or future individual investments but they carefully evaluate their *track record* in order to verify that it is enough successful respect to the required returns.

Shifting our focus to the investment profile of target company, venture capitalists typically focus on corporates that are in the middle area of the S-curve of innovation development. Unlike incubators and accelerators, they avoid investing in companies located in excessively embryonic phases because they are characterized by high technological and market uncertainty and strong diseconomies of scale in management, production and monitoring. Furthermore, VC do not place financial resources in business projects that are too advanced and consolidated as well. The growth rates of those projects indeed are inevitably slowed down and obtaining capital gains sufficiently high to satisfy investors' required remuneration would be too complex and risky. The consequence follows: venture capitalists typically invest more than 80% of their financial resources in premature companies. During this delicate phase, growth rates are normally very promising and one of the peculiarities is the fact that the financial data of those targets that will show themselves as "winners" or "losers" are very similar to each other. Academic literature supports this theory. Inderst and Mueller (2009)

point out that those who benefit from financial support of VCs are companies with a high level of risk, highly variable expected cash flows, low liquidation value, limited probability of success and high returns in case of success. In these contexts, the support of venture capitalists within the management of the business is a primary importance and the ability of business governance and management becomes extremely relevant to ensure the success of the investee.

As mentioned above, venture capitalists make investments with a high-risk profile. This statement, despite being undeniable considering all different types of investment, is not entirely true. The reason lies behind the fact that by selecting holdings in highly promising sectors, given the immature profile of the targets, VCs are able to achieve significant returns through an overall sustainable risk. VC firms do not like to gamble, investments must have a calculated and contained risk profile. In order to further protect themselves and implement a diversification action, VC firms also adopt an investment strategy that may include a *lead investor* and a series of *followers*. In addition, they sometimes exploit third parties' expertise in the screening processes of targets for a more accurate risk assessment, thus reducing the workload for the VC partners.

Talking about risk, stating that venture capitalists run directly a huge risk in every investment made is not completely correct. That is, rather than the VC itself, the limited partners are the ones really bearing the risk. The former, on average, contribute only to a very small part of the value of the fund they manage (around 1%) and the remuneration structure is such that in case of a failure of the holding, the VC partners would unlikely to be affected. The investing partners moreover are entitled to an annual management fee on the capital raised for the entire life of the fund (about 10 years) regardless of the performance of the fund. In addition, there is also a performance fee of, typically, 20% of the total capital gain realised. Through this conditions it is not surprising that, if the fund managed has an attractive size, the returns would be plentiful and the personal risk would rather be modest after all.

There are circumstances, however, in which the provision of capital to companies is approved despite there is still a lack of technological or market validation. This is the case with "*concept stocks*"; in other words profiles with high potential but long time horizon for value realisation. Examples can be found in the field of genetic and pharmaceutical technology, where obtaining markings and certifications represent a fundamental turning point for market accessibility. In

these cases, the challenge for VCs is to carry out excellent screening activities in order to select companies that can successfully achieve these milestones.

Considering the different types of capital injections and their strategies, the practice of *stage financing* is becoming increasingly important. With this practice, the capital is disbursed in successive steps depending on the size of the business and on the performance of entrepreneurs (Gompers, 1995). In particular, this practice involves the provision of an initial sum to the venture-backed⁴ enterprise but it constitutes an amount of financial resources that is actually insufficient to meet its business needs. The low funds works effectively as a strong incentive for entrepreneurs to achieve their intermediate objectives. If these are successful, the funding continues in subsequent tranches. In addition to stage financing, another aspect worth highlighting is that venture capital funds receive, in return for providing financial resources, bonds convertible into shares. These instruments indeed define an additional incentive mechanism for entrepreneurs willing to retain high control over the company.

As far as the typical size of the venture-backed company is concerned, we know that it can vary considerably. There are, in fact, both operations towards small and medium-large companies and also at sectoral level there is typically a wide variety of dimensions. Anyway, given the characteristics previously mentioned about the ideal target, the majority of operations tend to be directed towards high-technology sectors, whose structural conditions satisfy the investment conditions. In general, from VCs' point of view, it is advantageous indeed to operate in niche segments where there is a shortage of alternative low-cost financing available.

Other very interesting features that deserve further investigation are the organisational structure and the time horizon. Regarding the former, flexibility is the key word in order to enhance collaboration between entrepreneurs and investor's management. Regarding the latter, the concept is more complex. It has already been pointed out how the financial profiles of investee companies are very similar to each other. This fact makes the timing of the disinvestment decision a key variable for success. The return from the divestment activities is maximised within period that is variable and strongly depends on the specific cases:

⁴ Venture-backed companies is a term indicating those firms financed by Venture Capital funds.

- Two years on average in the most successful cases
- Four to six years in the case of capital gains achievable in the medium to long term
- More than six for those participations that require extended return time periods.

Generally speaking, as long as venture capitalists are able to divest the stake before it is too late, high returns with relative limited risk can be achieved.

1.3.1 Venture capital Upsides

Although, overall, venture capital investments represent only a small part of the total financial resources provided to the start-up universe, the excessive number of companies and the huge demand of capital from entrepreneurs eager to achieve the “next disruption” raises questions about what the actual benefits of venture capital might be. During the previous discussions, a number of points have already been summarised and may partially answer this doubt. However, given the complexity and magnitude of the topic, a list will therefore be presented and the benefits attributable to VC will be analysed individually. First of all, however, it is interesting to try to understand why the VC activity itself exists. Compared to any traditional company, VC funds do not directly carry out many activities of an operational nature. In fact, as already pointed out above, VC funds act as intermediaries between newly formed companies seeking capital and large institutional investors who wish to allocate part of their financial resources in assets with a high risk/return profile. Given these assumption, we can recognize indeed three main factors justifying their existence:

- VC funds are able to bridge entrepreneurs and investors together more efficiently than other institutions and financing activities (Bygrave, 1987);
- Investing partners of VC are able to make better investment choices than limited partners would make if they had to choose which companies to invest without intermediation (Sandberg et al., 1987);
- VC funds do not only provide financial resources, but also a range of benefits of a different nature that allow improving the risk-adjusted return (Gorman and Sahlman, 1986).

Having now understood the reasons why such intermediaries exist it is possible to shift our focus on the benefits that these actors bring (Bloomberg, 2006):

Financial resources: As already discussed, the most immediate and tangible benefit of venture capital activity is the injection of financial resources needed to carry out the business activity where exist risks that other financial operators are not willing to take. The capital granted provides a significant boost to the competitive dynamics of the company, which would be able to develop new products or technologies, to venture into new markets, to expand its working capital and to contribute to the overall economic growth. Compared to the alternative debt financing, equity investment involves significant differences and now the main discrepancies between the two forms of financing will be highlighted quoting the work of de Lima Ribeiro (2008), which provides an interesting overview of what differentiates the two types. Firstly, debt is an onerous type of financing. Debt disbursement entails indeed costs for the company (interest expense), whereas equity financing does not since the shareholders have only residual rights on the operating profits. The second difference concerns the termination of the form of financing. While debt is paid off when the capital has been repaid and the accrued interests are disbursed, investments in equity capital end with the sale of owned shares of the company. Again, there is a substantial difference in terms of remuneration. While banks (except in cases of insolvency) collect the accrued interest on the total sum provided, venture capitalists can realise a capital gains and collect the dividends if they are distributed. The substantial difference, however, is reflected in legal aspects: while the interest on loans must be returned as a fixed sum whatever the venture-backed company's economic performance is, the amount of equity returns depends on the other hand, on the business performance of the investee. In other words, in the case of a brilliant economic result, the gain for the fund might be sizable but a minimum return on the investment is not even guaranteed. This is a direct consequence of the risk profile required by a VC investment compared to a debt security investment. The latter typically has a very low risk of default while the former has a high risk of default, which is usually a necessary condition in order to achieve higher returns.

Experience and advisory: One of the great advantages of investor partner support is certainly the great experience they bring to the investee company. Often the founders of new ventures, especially in the early stages, have to make considerable sacrifices and, sometimes, they realise that they do not own all the necessary qualities and skills to succeed, especially at managerial level. The choice of relying on professionals with proven experience at this point seems to be the optimal solution. The fund's experienced executives can provide excellent

mentoring, teaching entrepreneurs and the team how to face the road ahead in the best efficient way.

Corporate governance: another benefit that VC investments produce concerns all those actions aimed at improve the quality of the organisation, increasing its degree of transparency. In addition, venture capitalists are often responsible for the formalisation of planning and control procedures, which are fundamental for an accurate and conscious analysis of the management performance. Once invested in the young company, the venture capitalist also has a significant incentive to perform so-called delegated monitoring, a factor playing a strong role in lowering the level of ex-post information asymmetry and moral hazard. The exercise of control practices often requires the inclusion of the investing partner in the board of directors of the company and entails, as a natural side effect, a partial loss of control by the entrepreneur for a limited in time.

Objectivity: entrepreneurs often tend to be carried away by their enthusiasm, overwhelmed by the desire to see their idea successfully. This desire to take risks is an undeniable strength, but it can also lead to irrational decisions since they might believe blindly that nothing can affect the quality of their business. The VC partners having successfully disinvested a dozen start-ups, are generally much more objective about their business prospects and, well aware of this phenomenon, they play an important role in keeping the team grounded and focused on the objective.

Network: one of the great benefits of being a venture-backed company, as mentioned earlier in the paper, is the vital network of contacts made available by the venture capitalists. The advantage offered by the network lies both in the possibility of establishing more easily agreements with third parties and in evaluating, where the conditions allow it, options such as mergers/acquisitions or joint venture agreements. This high-level network is a very important resource for the entrepreneur and his team, significantly improving the performance of the company in the various development phases it has to go through. The network itself constitutes an important strategic advantage over competitors that are not venture-backed and therefore cannot enjoy such opportunities.

Credibility: another important advantage is that the venture capital fund puts its reputation on the line to guarantee the entrepreneurial project. By relying on the prestige of the fund

itself, the entrepreneur is able to generate an attraction effect towards third parties who will be more inclined to follow the footsteps of the first fund by providing new financing (as the company has already been pre-selected) or simply by making it easier to establish any kind of relations with them. In fact, the positive effect is not only generated on the banks' side, which become more willing to provide loans because of the reduction in information asymmetries, but also towards customers and suppliers. The latter are inevitably led to believe that, since the entrepreneur has gained the trust of the VCs, the project has an interesting potential and that there is a good chance of success as well as a good chance that it will reach the market.

Risk sharing: During the process of developing a business idea there might be a moment when things are not as good as they should be and events no longer seem to go as planned while problems arise. The emergence of problems seems to hinder, if not threaten, the success of the business project. During this phase, motivation and determination are key factors for success, but sometimes they are not enough on their own. VC funds, from this point of view, can significantly help the company during hard times by providing additional funding when needed and, in general, supporting the management.

Human Resources: It is well known that the selection of the right team for a start-up is of dramatic importance. There is no excellent entrepreneurial idea that can reach the market without a solid, close and complementary team to supporting it. Very often for an entrepreneur, particularly at his first-time experience, it becomes very complex to be able to discriminate what are the key competencies that candidates need to successfully fill the various professional roles needed. The investor partners, drawing on their extensive experience in the field, also help to contribute to making the recruitment process more effective.

Trends: One of the peculiarities of an entrepreneur's behaviour is that, during the early stages of business plan development, he tends to focus very much on the original plan of his enterprise, thus limiting his vision. The direct consequence leads to a limited understanding of the wider environment. Indeed the activity of venture capital companies is fundamentally an intense screening activity. The fact that they are continuously exposed to a consistent volume of business plans and ideas puts them in a "scouting position" since they must identify the latest trends in the various sectors in which they invest providing important advice (e.g.

on diversification) to the investees, thus avoiding a too narrow vision which may hinder the success of the investment.

Exit: It has already been stated that the objective of the venture capital operation is to obtain a capital gain on the disinvestment of the participation. AIFI identifies several various exit possibilities for a fund. The sale of shares on the stock market, the sale of shares to an industrial partner (trade sale), the sale of the equity to another private equity or venture capital operator (replacement or secondary buy out), the buy-back of the shareholding by the original entrepreneur (buy back) or the write-off of the shareholding following bankruptcy. It is important to note that none of the above alternatives can be programmed with certainty but, in general, the most desirable method of disposal is the Initial Public Offering⁵ (IPO), although trade sale is the most common. AIFI also points out that there are a number of advantages in executing the IPO: there is the possibility of obtaining a higher price (a solution typically preferred by company management), there is the possibility of realising an additional gain from the value of the remaining shares in the institutional investor's portfolio following the listing. However, there are several disadvantages and risks associated with this type of operation. Higher costs compared to other divestment methods or the presence of *lock-up clauses*⁶, which prevent the pre-listing investors of immediately disposing all their equity (this entails a considerable risk as it exposes them to initial fluctuation of price) are the most common disadvantages. In addition, the need to attract a large number of investors in order to be successful and the fact that it is a risky route for small companies represent other smaller issues. Venture capital operations, from this point of view, plays an important supporting role as it provides the company with a set of knowledge and methodologies that accelerate the listing process, also favouring a diffusion of the equity assets.

To summarise, this chapter has highlighted the many and not always intuitive benefits of venture capital investment. The picture that emerges, from an entrepreneurial perspective, is certainly interesting in terms of becoming aware of what such an operation entails. One of the most important aspects is that, contrary to what one might imagine, the benefits of the funds

⁵ The Initial Public Offering is the tool through which a company obtains the disclosure of the securities to the public investors, a necessary condition to obtain the listing of their securities on a regulated market. The issuing must be organized according to the provisions of the TUF (Testo Unico della Finanza), with the aim of ensuring information transparency to the recipients of the offer.

⁶ Clauses that prevent shareholders from taking certain actions on the capital of the company, in the period following a public offer.

are not limited to economic support. In fact, according to Lerner (1995) regarding venture capital financing, the importance of non-financial contributions highly surpasses that of financial contributions.

1.3.2 Venture Capital Downsides

Although it is now clear that VC funds have a tangible impact on the business of a newly born company, their activity is not without criticism and problems (Bloomberg, 2006). In this chapter, the other side of VC funding will be analysed in order to highlight what may not be immediately visible. Although there are extraordinary success stories of venture-backed enterprises around the world that have reached unbelievable goals (e.g. the technology giants Apple, Google and Facebook), we should remember that these are not common cases. The evidence shows that the number of fund holdings that fail clearly exceeds the number of successful ones. The profits are not always good as well, VC's returns indeed has been outperformed by the equity market for more than a decade. The main criticisms that we may mention indeed are:

Loss of control: the entry of the investors can certainly lead to a loss of control by the entrepreneur, who finds himself bound to manage the business along with third parties. The presence of venture capitalists typically involves their allocation to seats in the board of directors, which grant them veto-rights on key decisions and control over the capital structure. In extreme cases, there could even be situations in which the founders themselves are ousted from the company they have created. In addition to this, conflicts may arise concerning decisions of strategic nature between the entrepreneur on one hand, convinced that his project is unstoppable, and the investors on the other, who do not accept opposition thanks to their experience. VC funds, as mentioned above, diversify their investments in order to limit risk and increase the probability of success. However, it may happen, sometimes, that they adopt behaviours in favour of their personal interests that might be potentially detrimental to the future of the specific enterprise.

Risky promises: it can happen that venture capitalists, particularly attracted by an investment opportunity, over-promise the entrepreneurial team. Since, as already mentioned, they have to manage a portfolio of holdings, investors may often ask for favours from contacts they know, but only a limited number of times or within certain circumstances. Consequently, it

becomes important for the entrepreneur to acquire the ability to distinguish what is actually achievable from what is not realistic. In addition, another important factor to keep in mind is the following: venture capital companies are not all the same. Some very active founding partners who are very helpful in their contribution to the management exists as well as others who will simply provide capital. The important thing for entrepreneurs is to try always to carry on their own due diligence on the fund interested in investing to be adequately prepared.

Onerous conditions: the investing shareholders, when approving a financing operation, normally require the target company and the entrepreneur to comply with a number of conditions. These are: dividend payments (they want to achieve a minimum return); liquidation preference rights (they want any money distributed before others); anti-dilution protections (in case of shares depreciation in the future, they are entitled to increase the percentage of capital they hold); mandatory redemption (possibility to enforce the company to buy back shares beyond a certain future date); listing rights (in order to have the right to start the listing process when considered appropriate); approval rights (they have to approve new financing and have the right to participate) and the right to sue for omission of relevant information.

The picture that emerges from the analysis of criticisms provides the basis for an additional consideration. Very often entrepreneurs mistakenly believe that the only solution available to launch successfully their business plan is to rely on venture capitalists. The reality of this environment does not reflect this belief. VC investments indeed are the exception and not the standard. Nowadays there are many other financing alternatives including *business angels*⁷ and *crowdfunding*⁸.

In addition to the benefits and criticisms of fund activity, other structural issues affect the venture capital investments themselves. The focus is now shifting on a number of factors that are indeed obstacles to the investment activity, impacting both the size of the VC phenomenon today and its future development (specifically referring to the Italian situation). These characteristics are:

⁷ Business angels (also known as *angel investors* or angels) are individuals who invest part of their personal financial resources in start-ups (in very early phases) in exchange for equity or in the form of convertible debt.

⁸ Crowdfunding is an alternative form of financing that provides funds coming from a large number of people, which individually can contribute, even minimally (micro financing).

Industry landscape: Micro, small and medium-sized enterprises (around 23 million in the EU) can be considered as the real engine of the European economy. On average, a typical European business has no more than six employees. Therefore, we can state that SMEs are the most important source of employment, knowledge and innovation and account for about 99% of the European business environment⁹. Italy does not deviate from this picture, indeed, it emphasises it. It is well known, in fact, that small, medium-sized enterprises, mainly in the manufacturing sector, are the core of the business of the country (99.9% of the business landscape), and if their role is important in Europe, it becomes decisive for the Italian national economy. The problem related to venture capital funding, in this context, is easily understandable: SMEs are mainly family-owned companies with entrepreneurs who are not really willing to accept capital. There are still often preconceptions that limit their willingness to open up to third parties investors who could help them, leading to the fear of losing control over their enterprise.

Bureaucracy: the bureaucratic processes that investors have to undertake are responsible for slowing down and, sometimes, paralysing the investment itself (particularly true in Italy).

Market: the reason why funds invest is clear: realising a capital gain. In order to obtain this, it is necessary to liquidate the holding company after a certain period through one of the options presented above. However, one of the major obstacles to this plan, which at first sight appears to be free from "dangers", is the liquidity of the market. At the current situation, the financial markets are characterized by high illiquidity, which severely limits the possibilities of disinvestment of the holding companies, thus discouraging VC activity itself. Moreover, the problem is not limited to the exit actions but concerns also the possibilities of raising capital from limited partners.

⁹ The impact of SMEs on innovation depends very much from the sector to which it refers. If we consider those innovative and recent businesses such as, for example, information technology and biotechnology, specific contribution of small and medium-sized enterprises increases significantly. As we move towards traditionally more "mature" sectors, however, the innovation driving force can still be attributed to large companies.

1.4 Investment Selection Criteria

The analysis and understanding of the selection criteria through which venture capitalists perform a screening of potential investments has received considerable attention in recent years and has often been the subject of research. Batterson (1986) reiterates the importance of this assessment stage in the investment process and stresses how the different types of business proposals available are subjected to a thorough inspection before the fund decide where to invest. This due diligence¹⁰ process, contrary to what one might think, is not static, but dynamic and iterative, seeking out and assessing those characteristics of the companies that can be associated with future success and a likely return on investment. The importance of a thorough inspection of the target company and, therefore, of identifying key criteria is easily understood when combined with the high-risk profile of such investments. As already mentioned above, on average, only one out of ten start-ups successfully reaches the market. The reason why such a consideration is true is that the overall performance of the enterprise is a combination of the individual performances in the different areas. A company that indeed is excellent in individual aspects but has considerable room for improvement in others has a very low probability of survival. Considering, in fact, a series of individual events determinants of overall success and associating a high probability of success to each one, it is possible to observe how the final probability is very limited. For example, consider the following events, with the same probability of success of 80%:

- The company has sufficient capital
- Product development is progressing smoothly
- Production and procurement are going as planned
- Customers appreciate the product in the market
- The price of the product is correctly defined and well accepted
- Competitors behave as expected
- Intellectual property is sufficient to protect the technology from being exploited
- The management is focused and competent

¹⁰ The term *due diligence* process means that investigation activity in which all the parameters considered important for the conclusion of a given deal are inspected and evaluated, in order to produce useful information for decision-making. Normally, this process touches on a series of criteria, with a level of detail that varies considerably according to the economic dimension of the deal in question.

At first glance, considering the probability of success of the individual events, it would seem that the target enterprise has a good chance of succeeding, yet, assuming that the individual events are statistically independent between each other, the overall probability of success is only about 16.8%.

With this in mind, it becomes more understandable why venture capital firms are so strict in their selection of holdings. Maier and Walker (1987) show that, based on the sample analysed, 53% of venture capitalists finance less than 1% of the proposals received.

As stated at the outset, much space in the literature has been devoted to the study of the criteria used by VCs and by firms and numerous empirical studies, with different methodologies, have been carried out in order to gain a deeper knowledge in this field. Given the general lack of historical data on which to base investment analyses (which excludes the applicability of the most widespread financial analysis models) the main criteria used by venture capitalists to discriminate investment proposals are the following (Khanin et al, 2008; Mishra A., 2004):

The Market and its Growth Rate: Although it is quite common to consider the management team as the most important criterion for selecting investment opportunities, the reality of the situation shows that it is mainly the sector in which the company operates and its health that makes the difference in attracting capital from funds. As discussed previously in this paper, the market plays a decisive role in investment decisions. Precisely there are several aspects considered by venture capitalists:

- Accessibility: the question is whether the target company is able to access successfully the market it intends to target and whether there is a sufficient space for it to carve out its own market share and achieve profitability. This last condition depends very much on the entry barriers and the competitive environment in which it operates (number, size of main competitors and competitive dynamics). Another relevant factor, from this point of view, is also the scalability of the business in the short to medium term since it must be possible for the company to expand outside the national market.

- The type of need served: the objective is to understand whether the product or service under analysis is aimed at satisfying an existing market need or whether it is, instead, aimed at serving a new one.
- The growth rate: the focus here is on determining the growth rate of the market and its prospects.
- Stability: VCs constantly monitor the evolution of critical success factors in a given sector, so that they can see whether a company has the right characteristics to be successful.

The Management Team: Among the most important characteristics influencing the decision of venture capitalists, particular importance is given certainly to the management team. Among the aspects that attract the attention, we can find:

- Experience: VCs value in-depth knowledge of the sector in which the start-up is to be launched, its dynamics, its operators and its target clientele.
- Complementarity of the team: one of the most important aspects of the team is its complementarity. The variety of backgrounds and experiences of the members constitutes a valuable strength and a solid element of differentiation, but only if the team's individual skills can "feed" and "enhance" each other. In addition to considerations about individual experience, it is also important that there is uniformity of vision and agreement in defining business strategies within the team.
- Entrepreneurial skills: elements of great importance are also those related to the individual's skills. Among these, we can identify the entrepreneur's past successful activities, from which information about his credibility can be extrapolated as well as his ambition, motivation, determination to successfully complete the development project, leadership capacity, risk tolerance and attention to detail.

The Risk: The approach to investment activities by venture capitalists is unique and differs significantly from that of the traditional investor, who obviously hopes as much as possible to avoid failure. More precisely, since VCs have to realise very relevant returns for the limited partners involved, the logics adopted and the very interpretation of failure are different. VCs consider a funding round they have carried out to be successful if there is, at least, one participation that has realised the large return sought. It is well known that, in general, venture

capitalists are particularly good at managing the risks taken with their investments (Amit, et al., 1998). Using their experience and their ability to hedge possible threats, they are able to realise high returns on investments whose uncertainty would discourage traditional investing activities. However, such a statement requires further analysis and clarification. Vesper (1990) states that there are essentially three threats to the success of a new venture:

- The margin: One of the greatest risks associated with starting a business project is the inability to obtain a product or service with a high profit margin and/or keep it constant over time.
- The sales generation strategy: For a given company to be profitable it is necessary to develop a repeatable business model, with a sales pattern that is sufficiently broad to serve a wide variety of customers. A broad sales pattern indeed implies significant differentiation at the product/service level but also entails associated risks (e.g. aggressive behaviour by incumbents).
- Operational financing: Castrogiovanni (1996) states that there are three main reasons why start-ups need capital. The first is the need to finance the acquisition of assets for the business activity. The second is the support during the early stages of life cycle characterised by negative cash flows and the third is the creation of a protection that shields the newborn venture from unfortunate decisions and unexpected risks. Therefore, it is not particularly complex to understand why the risk associated with operational financing is one of these factors.

Bamford and Douthett (2000), using this scheme proposed by Vesper and analysing a sample of VC-backed versus non-VC-backed firms, showed that VC-backed firms actually had higher risk profiles only in relation to the first two points discussed (threats to the profit margin and sales pattern), while from the point of view of operational financing, there was no statistically significant difference. This finding would seem to suggest that the risks for venture capitalists are not all equal and therefore require different attention. In particular, they are less concerned about the risk of failure and bankruptcy but are, instead, more concerned about growth and return. The consequence of this is that, using their skills, they can typically select companies with a higher risk profile in order to maximise profits but only if they know how to handle the specific threat. This concept has already been pointed out in chapter 1.3 of this

paper: VC funds do not like to gamble and, on the contrary, the selected investment proposals present calculated and manageable risks.

The Return: The objective of venture capital investment is to achieve a consistent return. When evaluating different business proposals it is important for VCs to try to estimate the possible return on the capital employed. Aware that estimates proposed by entrepreneurs tend to be overly optimistic about the prospects of the business, they derive important indications of return mostly through sectoral analysis. More precisely, interesting considerations are obtained from the estimated market growth rate and the intensity of the need the company intends to satisfy.

Exit Opportunities: Among the various criteria used by venture capitalists also considerations of exit opportunities should be mentioned. In the chapter 1.4 of this paper the concept of exit opportunity has already been dealt with extensively. To summarize, the valuable input of investor knowledge and contacts facilitates and speeds up the listing process or other available disposal methods (trade sale, secondary buy out, buy back, ...). Since in order to liquidate the investment one of these alternatives must be available and viable, during the screening process, attention is paid to possible exit strategies of the participation.

Strategy: Another aspect that typically guides funding decisions is the business strategy of the start-up itself. The objective of investors is to understand how the entrepreneurs intend to position themselves in the market compared to their competitors and to assess whether they will be able to achieve sufficient profitability. Considerations are made specifically about the competitive intensity, the market share of the various players active in the sector and barriers to entry and exit.

The Product: The last, fundamental variable in investment decisions is represented by the product that the company intends to create and market. Specifically it is relevant for funds to assess whether the product can be differentiated from that of its competitors, whether it offers a relative advantage, whether it is technically feasible and whether a prototype exists. In addition, strategic considerations are also made trying to grasp the possibility of establishing a competitive advantage, i.e. having a higher and sustainable profitability than the market average. Focusing on this last point, Prahalad and Hamel (1990) state that technological competency can constitute such a source of superior profitability by providing

access to a wide variety of markets, by having a significant impact on the benefits perceived by consumers and also by being difficult to imitate. This is particularly emphasised for young companies that make technological capability a solid differentiating element.

Venture capitalists therefore focus on three main aspects:

- The degree of innovation: the objective is to assess whether the technology represents an incremental improvement on existing solutions or a radical innovation.
- Sustainability: considerations and research are made both on the development trends of the technology under consideration and on those of existing alternatives. The fact that obsolescence occurs naturally after the product has reached maturity and not at the end of its life is quite important and should be highlighted.
- Defensibility: Protecting innovation is essential, especially in certain sectors. In medical technology and biotechnology, for example, competitiveness and success are related to the intensity of patent activity. In addition to the positive associations between patenting activity and investment capital raised, as highlighted by Baum and Silverman (2004), a particularly important role in attracting capital providers is the number of core technology patents and not only the mere size of the patent portfolio, as found in the study by Munari and Toschi (2014). The latter is particularly true for more specialised VC funds, which, compared to generalists, have the skills to appreciate and assess the technological component of a product in more detail.

In the literature it is commonly believed that venture capitalists are able to successfully predict the value of start-ups. In this chapter, it is found that, being the selection process largely subjective, VCs rely on a set of criteria for approaching the evaluation of investment proposals. Although the points highlighted are of great importance in the decision-making process, a clarification must be specified at this point. Based on Shepherd (1997), these criteria should be interpreted with caution when derived from self-reported data as they are subject to possible errors since the investors may lack of introspection on the screening methods used.

1.5 Investing in innovative technologies

Creating and successfully launching a high-tech start-up is not an easy task. The road is rough and the chances of success are very low indeed (typically only one in 10 does not fail). Stinchcombe (1965) emphasises this concept, pointing out that there are many obstacles that new-born companies have to face. Among these, there is the lack of knowledge about the operating environment, lack of commitment from the team and complex relationships with customers and suppliers. This last point suggests that, in addition to being a complex content that the new enterprise aims to deliver to the market, it is also a process that requires considerable efforts of social nature from the relational point of view with customers, suppliers and capital providers. In other words, entrepreneurs need to build relationships with the outside world in order to gain access to social capital and other assets, as they cannot economically support the enterprise on their own.

Innovative enterprises are often very young and have highly uncertain prospects, which exponentially increases the risk associated with third party lending. Reliance on third party lenders often becomes a compulsory choice for entrepreneurs who, as already mentioned, do not have sufficient resources to enable an appropriate business development. This is especially true for companies with a highly innovative content. However, it is interesting to mention that the need for capital and the risk profile of these companies depend heavily on the stage of their development. In particular, in the **seed stage**, the need for financial resources is typically low and the level of risk associated with the business activity very high. This is because the typical operations of this embryonic period (research, feasibility studies) are not characterised by an excessive economic impact. On the contrary, the associated risk is very high and the probability of success very low, since there is no validation at either technical or market level. In the subsequent **start-up phase**, marketing and prototyping activities require considerable financial resources and, overall, the risk profile is still very high. Once this hurdle has been overcome, the companies enter the **growth phase**, which is characterised by a much lower business risk but the need of capital to sustain expansion.

The majority of venture capital funds invest in companies in their early-mid stages, usually companies facing the start-up phase. In the case of high-tech companies, what has been stated in the previous paragraph is extremely amplified: financial needs necessary to sustain

expansion and growth remain very high and the risk content intrinsic to their activities, even higher.

In the wake of what has just emerged, a particular characteristic of innovative enterprises is the high degree of information asymmetry that characterises them. Compared to companies operating in traditional sectors, technology firms have, in some cases, extremely high agency costs partly due to the lack of historical data for analysis. Bhattacharya - Chiesa (1995) point out that the most obvious solution to the problem, i.e. to communicate information about the project being funded as transparently as possible, is perhaps not optimal from the point of view of value in the hands of the entrepreneur. If, on the one hand, this would bring advantages by significantly bridging the information gap between the parties, it would also have strategic consequences and would inevitably reduce the value of the investment project. This solution is not fully feasible and the high agency costs typical of these very innovative companies make it difficult for the company to obtain financing from the banking channel or the public market. To complicate further the situation, there are also other typical characteristics of this type of company, such as the inability to provide valid debt guarantees and the strong intangible component of the assets. These equity and credit rationing phenomena could have serious repercussions for the companies, laying the foundations for an imminent market failure. In this complex context, venture capital offers a viable solution as an effective alternative financing channel. One of the roles played by VCs is, in fact, to reduce the information asymmetry that characterises the early stages of a business project by producing information in favour of traditional credit providers. What emerges from this situation is an interesting modification of the traditional financing hierarchy for innovation-driven companies. According to Myers (1984), normally, the presence of information asymmetries means that firms prefer to use internal sources rather than external ones. Those companies indeed generally consider bank debt as preferable to the direct issue of shares. Without going deeper into the reasons why, in the presence of information asymmetries, this hierarchy exists (pecking order theory of financing), we can notice significant differences for innovative companies. In particular, as can be seen from what has been presented above, bank debt for high-tech companies is a later solution than venture capital financing. This fact, contrary to theoretical expectations, suggests that the dynamics at the level of capital raising are altered and underlines the decisive contribution of VCs funds in the production of

information needed to attract traditional external capital. The direct issuance of shares (public equity) indeed remains the least practised alternative and can only be pursued in more mature phases with a higher information content and, therefore, a lower risk profile.

In summary, it is clear that the high uncertainty surrounding highly innovative business activity combined with information asymmetry makes the evaluation process executed by lenders very complex. Technological start-ups are indeed particularly uncertain and risky and Venture Capital funds spend a considerable amount of time and effort trying to detect signs of the value and quality of the companies being evaluated (Amit et al., 1990). The criteria used by VCs to assess the profile of an innovative start-up are basically the same already mentioned above and their evaluation is considered an extremely important work step within the VCs' activities.

2 CHAPTER 2: HEALTHCARE INDUSTRY

The objective of the following chapter is to provide an overview of the Healthcare sector and markets, providing the reader with the tools to better understand its dynamics. Specifically, an in-depth look at the Italian environment will be done. Since the subject of the following paper focuses on the activities of Italian venture capital funds active in the field of this sector, it is important, before delving into the specific analysis of this thesis, to describe a framework of what are the markets of the healthcare sectors and its peculiarities. It is fundamental to analyse the different kind of companies within the environment and what characterizes them as well as the guidelines used to classify each sub-segment and product offerings. More in details, in this chapter the author will give some space also to the definition of industry key segments, main medical technologies classification, industry's value chain, needs and competitive advantages. In addition, global demographic trends will be later analysed with a careful consideration about the COVID-19 pandemic development during 2020 as well as the whole market environment and the characteristics of the companies operating in this sector.

Generally speaking, the Healthcare industry is comprised of companies that offer clinical services, manufacture drugs and medical equipment and provide health-related support and services such as medical insurance. The companies operating in this field play a key role in the diagnosis, treatment, nursing and management of different illness, disease and injury. The industry provides also preventive, remedial and therapeutic services to patients and, in order to offer these services, there is the need of a strong collaboration among several stakeholders such as healthcare providers (clinics and hospitals), professional staff, medical administrators, government agencies, pharmaceuticals providers, equipment manufacturers and medical insurance companies.

The industry is one of the largest and is expected to continue its growth into the future thanks to several drivers such as technological innovation, smart healthcare data management and new patient-centric business model. These trends, which will be discussed further in details in the following chapters, will require massive investments in terms of cognitive computing, electronic patient records and data storage, big data expertise, etc... and Venture Capital investors may find great investing opportunities if able to spot the right companies. At the centre of this transformation, there is the need for innovative and cost-effective ways to

deliver patient-centered and technology-enabled healthcare. Innovative technologies indeed could provide a holistic approach to healthcare through the creation of a collaborative framework that will promote integration of skills and competences across pharmaceuticals, medical equipment manufacturers and healthcare providers.

Regardless of future possible scenarios and yet-to-come trends, as mentioned before the future of the industry is going to be doubtless *patient-centric* and a great emphasis will be placed on the creation of value for consumers rather than the volumes of services delivered. This value-based system fuelled by innovation might be developed and supported by reform policies and programs as well as massive investments, and here lies the reasons why the industry itself is an interesting field of study in terms of Venture Capital investments. Besides, the topic become even more newsworthy if we consider the industry stress that companies faced after the pandemic spreading during early 2020 and, because of this unusual occurrence, in the following chapters further proper consideration will be mentioned.

2.1 Healthcare Market Structure

2.1.1 Healthcare Segments

In order to fully understand the industry and start a descriptive framework of its markets, it is useful a first look at how it is structured and what kind of companies are operating. The Healthcare industry is comprised of firms that offer several different products and services related to patient's care; we can identify the following segments:

- **Healthcare Providers:** This definition refers to Hospitals and medical centers that conduct diagnosis and treatment of diseases. They are also involved in research, teaching and trainings. Usually these centers are equipped with several facilities and medical equipment necessary for the daily operative activities. Among the HC providers, ambulatory service providers deserve a special mention. These businesses gather groups of health professionals who provide outpatient medical services or non-hospital-based care where patients are treated in a single day inside the physical facility. Nursing homes and rehabilitative centers are different as well; they offer both long and short terms therapies for elderly, disabled or chronic patients but represent a small amount of this segment. Cost is relatively high in this industry because hospitals

and other facilities need expensive equipment in order to operate, in addition, another cost factor is the labor cost, sometimes making up as high as 40% of total revenue.

- **Life Sciences:** This segment includes pharmaceutical firms that produce drugs and other chemicals needed for the provision of healthcare services. However, we may include also manufacturers who make high-tech equipment for medical use or biotechnology companies involved into research and development of new treatments and medicine. Among the segment's players exists also companies providing miscellaneous scientific services for supporting diagnosis, treatments and monitoring of patients. In details, the main sub-sectors are:
 - **Pharmaceutical:** The pharmaceutical sub-sector has the biggest share among the Life Science segments. It consist in the classical drug development through chemical principles. Some firms are structured vertically, employing their assets for both active ingredient production and final drug finalization while others act independently in the supply chain, focusing only on one single step of drug's production cycle.
 - **Biotech:** The biotechnology industry's companies derive their value from their ability to develop, manufacture and market innovative, patented medicines that generate huge revenues. Compared to pharmaceutical companies, biotechnology firms are usually younger, fast growing and more innovative. Biotech companies also differ from pharmaceutical companies because they try to develop new drug therapies strictly using biological processes rather than the chemical ones. These processes exploit living organism such as microbes or cell lines that are modified genetically to produce treatments. The segment includes the highest number of start-ups among the industry and it is indeed one of the most attractive for VC investments.
 - **Medical Technologies:** Equipment is another important product line of healthcare. The sector consists of manufacturers of medical equipment and medical devices, creating products such as instruments, drug delivery systems, imaging technologies or cardiovascular & orthopedic devices and diagnostic equipment. These products are sold to hospitals and clinics and are used in the treatment of patients. As biotechnologies, also this segment has an important

potential of growth deriving from innovation currently under development and is in the watch-list of several VC investors.

- **Distribution:** With so many drug and equipment companies continuously creating products, there is need for a distribution industry, which deserve its own mention. This can include companies anywhere from pharmacies to wholesalers of equipment. Some companies do not limit themselves to the mere distribution but might be also involved into the late steps of drug production since some pharmaceuticals firms desire to externalize the latest and simplest finalization of drugs because of economic reasons. With more and more drugs and equipment being produced, the industry is quickly growing and with a successful dedicated distribution, drug and equipment companies are able to get effectively their products to hospitals and similar facilities and that is why these services are necessary for lot of stakeholders.
- **Managed Healthcare:** The managed health care sub-industry is described as a variety of services intended to reduce the cost of providing health services and improve the quality of care; in other words, it is the health insurance industry. Private companies and governmental agencies providing insurance policies and fund healthcare services for patients indeed have the scope of pooling funds collected through employer contributions or individual insurance policies and oversee payment for services offered. Compared with other sub-industries within the healthcare sector, managed health care has a higher rate of growth and it is clear how these firms influence strongly people access to health services, the kind of medical treatments covered and the allocation of services.

2.1.2 Medical Technologies

The sector of medical technologies mentioned in the previous paragraph is an important share of the healthcare sector and it is characterized by a faster innovation rate with respect to other segments such as pharmaceuticals or biotechnologies. While the former requires often years of testing and clinical trials flanked by high-risk results, the latter does not include such longer periods of product finalization and uncertain outcomes. For this reason, medical technologies represent an interesting field of investments for several Venture Capital or Private Equity firms

and dedicating some time to deepen the knowledge of this segment might be beneficial for the reader.

The definition of medical technology is very broad and varied, nowadays indeed exists more than 500,000 different products classified into 20,000 generic groups. Specifically, it may be defined as *medical technology* any in vitro diagnostic device (IVD), any *imaging equipment* and *e-health* solution. The European Commission defines **medical technologies** in the *EU Medical Devices Directive 93/42* as:

“Any instrument, apparatus, appliance, software, material or other article, whether used alone or in combination, including the software intended by its manufacturer to be used specifically for diagnostic and/or therapeutic purposes and necessary for its proper application, intended by the manufacturer to be used for human beings. Devices are to be used for the purpose of: Diagnosis, prevention, monitoring, treatment or alleviation of disease; Diagnosis, monitoring, treatment, alleviation of or compensation for an injury or handicap; Investigation, replacement or modification of the anatomy or of a physiological process; Control of conception.”

On the other hand, the **in vitro diagnostic device** (IVD) are defined as:

“Any medical device which is a reagent, reagent product, calibrator, control material, kit, instrument, apparatus, equipment or system, whether used alone or in combination, intended by the manufacturer to be used in vitro for the examination of specimens, including blood and tissue donations, derived from the human body, solely or principally for the purpose of providing information concerning a physiological or pathological state or concerning a congenital abnormality, to determine the safety and compatibility with potential recipients; or to monitor therapeutic measures”.

Between the other complementary technologies available in the industry, we should define also “**accessory devices**”. It means an item, which, whilst not being a device, is intended specifically by its manufacturer to be used together with a device to enable its use in accordance with the proper instruction of the medical device intended by the manufacturer. A further distinction should be made mentioning “devices intended for clinical investigation”; it means any device intended for use by a duly qualified medical practitioner when conducting clinical investigations in an adequate human clinical environment.

Finally, one last category is “**custom-made devices**”. It is intended any device specifically made in accordance with a duly qualified medical practitioner's written prescription which gives, under his responsibility, specific design characteristics and is intended for the sole use of a particular patient. The abovementioned prescription may also be made out by any other person authorized by virtue of his professional qualifications to do so. Specifically, mass-produced devices which need to be adapted to meet the specific requirements of the medical practitioner or any other professional user shall not be considered to be custom made devices.

From the definitions provided, it is clear how medical technologies represent a truly heterogeneous set of products, from plasters and bandages to wheelchairs and neuro-stimulators. There is, however, a common trait: for a particular device to be considered as *medical technology* must contribute to the creation of health in individuals suffering from a variety of conditions by exerting a tangible action at one or more stages of the entire healing process, i.e. from diagnosis to treatment. In addition, it must not exert the main treatment action by pharmacological, immunological or metabolic processes and, in Europe, standard clinical equipment and research equipment must fully comply with the Medical Device Directive 93/42. The latter states that Medical Devices must satisfy a set of “essential requirements” and imposes the obligation of CE mark¹¹, defining also how to obtain it.

Regarding a common classification, however, there are four classes established by the potential hazard-risk and it is possible to group the devices recognised as medical technology, each of which is subject to different conformity assessments. Ordered towards an increasing risk we can recognize:

Class I: this includes the least risky and least critical technologies. It is represented by most non-active and non-invasive devices. Devices are further divided into two subgroups: 1s and 1m. The first group includes devices supplied in a sterile state, while the second group includes measuring instruments. This category includes, for instance, crutches, bandages and surgical beds.

¹¹ Not all medical devices need to have the CE mark. In particular, personalized technologies and those provided for clinical investigation do not require it. However, they need to meet the requirements and conformities of the European directives.

Class IIa: devices with a medium risk profile. Includes both non-active devices (invasive and non-invasive), and active devices (which interact with the human body in a non-hazardous way). Examples includes ultrasound diagnostic devices, contact lenses and hearing aids.

Class IIb: devices with a medium/high risk profile. The category comprises a combination of non-active (in this case, tending to be invasive) and active technologies with a higher hazard level. This includes, for example, blood bags, condoms, dialysis devices and defibrillators.

Class III: devices with a high-risk profile. Includes both technologies that interact with vital organ functions, as well as the majority of implantable technologies. It includes technologies such as heart valves, cardiac catheters and absorbable surgical sutures.

To classify properly the technologies under consideration, several further variables are considered in order to create subcategories. The main variables usually are the duration of device-patient contact, the type of operation (active therapeutic, active diagnostic, not active) or the invasiveness or the anatomical site of device incidence but further details in classification would be out of the scope of this text.

With regard to the conformity of the devices, without going into the specifics, the manufacturer asses it through a declaration of conformity. However, for technologies of a class higher than Class I, the intervention of a third party is also required. The proper institution (*Organismo Notificado*) certifies conformity and issue a certificate granting the quality to the manufacturer.

2.2 Value Chain

Now that the reader is aware of the composition of the industry, it might be useful dedicate some time to the understanding of what exist behind the value creation of its markets. We can identify 6 key points around which the value is generated:

- **Administration and back office:** Usually the administration department has the objective to organize planning and coordination, supervising the day-to-day operations of laboratories, factories and clinics ensuring efficiency and profitability. Among its activities, the department is responsible for financial budgeting and management, admissions and discharges, public relations, billing, defining hospital policies, staff management, recruitment and patient health-related education. Value

creation is strictly correlated to the efficiency of back-offices and, regardless of the kind of company under consideration, administration's efficiency remains an evergreen value pillar.

- **Information management:** Any department, company, institution, organization or service provider dealing with information management can be considered the brain of the healthcare industry. The collection and analysis of data help decision-making and open hundreds of possibilities for service improvement and a better product development. Leveraging health data to improve care delivery, availing patient data anywhere and anytime ensuring portability and ease of use, maintaining confidentiality and security of data while ensuring accountability are only few of the potentialities still to be completely reached, not to mention the need of a secure way to oversee the application and infrastructure landscape for healthcare institutions. Being able to exploit information is indeed a great source of value and the completion or improvement of what mentioned above is now more than ever one of the main recent "hot topics" in the Venture Capital investments since the pandemic boosted the necessity of these kind of services among companies.
- **Clinical Services:** Clinical services are the core of the industry and provide almost the total of the related services for diagnosis and treatment of patients. They provide any sort of care, ambulatory services and conduct training and medical research as well. These kind of services may include several departments such as biomedical engineering, cardiology, dermatology, pediatric care, research centers, surgery, dentistry, diabetes centers, radiology and integrated imaging centers, cancer and palliative centers, endocrinology and birthing centers, etc. Clearly, better clinical services means higher value for the final customers, but the reader should remember that the quality depends by several actors, mainly represented by hospitals, staff, and most importantly medical equipment and drugs suppliers.
- **Allied Health:** Allied health includes a group of professionals who use scientific principles and evidence-based practice for the diagnosis, evaluation and treatment of acute and chronic diseases; promote disease prevention and wellness for optimum health, and apply administration and management skills to support health care systems in a variety of settings. The professions included as allied health vary from country to country.

- **Research & Development:** Similarly to allied health, institutions dealing with research and development such as universities, hospitals, research centers and companies bring the scientific community new principles and discoveries useful for new drugs or medical technologies development. It is not difficult to imagine that the value creation is proportional to the results brought from the research, but is also important to remember that this value is possible only thanks to heavy, risky investment from third parties.
- **Support services:** It is intended as people, processes and support structures that improve the overall medical care ensuring that professional staff is able to provide patient care efficiently. Among the support services, we can find: procurement and supply, which oversee the distribution of drugs and equipment across facilities; cleaners and food service workers, tasked with housekeeping activities; and biomedical technologies, supporting professionals through building, repair and maintenance of medical equipment.

In addition, substantial research and development spending characterize the healthcare sector and the reader should be aware also of sector expenses other than its value-creation aspects. On average, it costs \$5 billion for a mature company to take a product through the development life cycle sometimes also over a 10 to 15 year period. While some products that undergo phase trials will be approved creating substantial revenues for their parent companies, many will fail. Products that are rejected by regulatory bodies or abandoned because of concerns with safety or efficacy are merely sunk costs. The considerable expenses incurred to develop products highlights the importance for companies to allocate carefully research and development expenditures to treatments with a high success probability that can secure long periods of patent exclusivity. If pharmaceutical and biotech industry constituents fail to do so, their product portfolio will lack earnings growth that can take many years to recover due to the long regulatory review period. For medical technologies firms, these risks are doubtless lower as well as the incurred expenses, but the possibility of products failing exist anyway. On the other hand, also the risk of large legal expenses is significant enough to warrant mention but is not experienced on a regular basis. Legal expenses indeed are usually a result of product failure and when a treatment creates adverse side effects to patients, they pursue the collection of remedies by suing the parent companies.

2.2.1 Trends and Drivers

The life sciences sector overall is nowadays characterised by profound and tangible changes, especially during the current pandemic crisis and its beginning in 2020. Primarily we should mention **demographic evolution**; it has taken only about a century for mankind to increase the population from 1 to 7 billion. In addition to population growth, there are several trends that are playing an important role such as increasing urbanisation, an ageing population and the resulting increased incidence of chronic diseases. Looking at the predictions, it is expected a 50% increase in the number of over 65 in 2030 with respect to 2010 values. The situation is confirmed in Italy, where the number will reach 26.5% of the population (Censis, 2010). Although these facts represent, generally speaking, a positive data that testify the evolution and improvement of living conditions, concerns may arise, however, about the financial sustainability of this situation. Fewer and fewer individuals, institutions and government will be able to guarantee to meet the needs of an increasing number of elderly people, with uncertain prospects about the future ability to meet healthcare demand. Moreover, the ageing of the population is one of the factors that, among others, contributes to the emergence of chronic diseases. Cardiovascular diseases in Europe are becoming an issue of great concern, with a cost of approximately EUR 168 billion per year. Leal et al. (2006), shows that 105 billion are attributable to direct health care costs and the remaining 37% in private expenditure and productivity losses. The increase in the incidence of chronic and pathological diseases will have even greater consequences on the cost side, doubling or even tripling them in the next 10 years. In this delicate context, innovation plays a decisive role. Preventive, predictive, personalised and participatory medicine can make a decisive contribution to costs cutting in healthcare. According to the European Medical Research Council (EMRC), esteems say that an investment of \$2 in highly innovative drugs can lead to final savings of up to \$11.

In addition to demographic change, **technological progress** also plays a crucial role. If the ageing population is one of the factors that will inevitably drive up public spending on healthcare, the role played by technology is controversial. Although technology has often been considered in recent years as a major driver of health spending, the topic requires clarification and deeper studies. Technological progress has enabled humankind to achieve means of diagnosis and treatment that were once considered utopian. While it is true that being able to identify and treat more cases leads to increased costs, it is also true that the

benefits in terms of lifetime expectations and quality of life are equally evident. On the other side, considering technology improvement solely from a cost perspective may not only be limiting but also misleading. The Healthcare industry, specifically life sciences products, represent a very large and heterogeneous set of products and, as a consequence, generalist statements need to be explored carefully. As products possess different typologies and characteristics, with a case-specific degree of substitutability depending on the specific disease, measuring the impact of life sciences and medtech sectors on governmental healthcare expenditure remains very complex. Furthermore, between the impacts of growing population and technology development, other factors should be considered such as possibilities of divestment of obsolete technologies and its healthcare outcomes.

Other than demographics, technological progress and public spending, there are several other short-term factors that are shaping the industry; most of these trends are related to specific technological innovations that opens new possibilities to operate and during 2020, their necessity saw a steep increase driven by the COVID-19 spreading. The specific industry trends related to the pandemic breakout will be further discussed in the next dedicated chapter in order to narrow the focus of this analysis.

2.2.2 Needs and Competitive Advantage

In the light of what we just described in the previous paragraphs, it is clear how the healthcare industry is complex and potentially sensible to technology innovation. Thinking about what are the competitive advantages¹² of the industry indeed, may help the reader to understand the cause of the current trends and even generate some ideas about what might be the most interesting investment opportunities from a Venture Capitalist point of view. Clearly, key competitive advantages depends by the single sub-segment of the industry but generally, we can identify 6 different factors that doubtless give an considerable advantage if met by the firm:

- **Cost Efficiency:** Healthcare institutions are expected to deliver quality services and specific products but also to ensure their sustainability of profits over time. In order to do so, an effective healthcare system or company that makes use of innovative and

¹² Sigalas defines competitive advantage as a condition or circumstance that puts a company in a favourable or superior business position with respect to other players.

cost efficient ways to operate is surely the most important competitive advantage. Except for some digital-oriented businesses operating in the industry, usually healthcare companies are characterized by assets affecting heavily income statements. To cite some examples, Hospitals incur in high costs acquiring and maintaining medical equipment and skilled workforce; drug and equipment manufacturers incur in high production costs and therefore, solutions that can promote the quality of services delivered while containing costs are a fundamental advantage-generating asset.

- **Integration of technology:** Technology could be used, among the other things, for data capturing, monitoring and analysis in real time in order to provide useful insights that can yield to production, clinical or diagnosis benefits. Additionally, Artificial Intelligence has the potential for quicken financial and administrative duties so that professional's focus can shift towards personalized care. As a result, integrating health and technology will avail medical information to practitioners and other stakeholders in multiple places anytime, granting the possibility to deliver better services.
- **Minimization of wastes:** Medical facilities, drugs and equipment suppliers should ensure an optimal utilization of available resources, from bed capacity in hospitals to the use of industrial assets for medical technologies or drugs productions. As just mentioned, players in the industry face high costs and designing and implement strategies aimed at improving resources utilization would be an important source of competitive advantage.
- **Access to government funds:** One of the peculiarities of the industry is that the government or related agencies directly support several players, such as clinics, hospitals or even research centres. Pooling of medical funds to pay for essential healthcare services for its citizens or invest in research it is indeed fundamental and a source of competitive advantage since it would bring both additional volumes of patients and better final services. On the other hand, research and development of new products or drugs are usually very risky and common investors may be reluctant to bet their capital, not to mention the specific knowledge required for conscious investments. The possibility to access greater economic resources from the government indeed is clearly an advantage and it would benefit all the players able to do so.

- **Economies of Scope:** Another way to reduce operational costs is surely the promotion and facilitation of joint utilization of resources or their sharing. Major institutions in the industry can build platforms or business framework in order to generate efficient economies of scope that would bring competitive advantage to the firm, specifically in drugs or medtech companies.
- **Skilled workforce:** Given the deep technological and scientific background of the industry, active players require high-competencies workforce and strategies for attract and retain talents are becoming an imperative. It is not surprising that new education and training models are emerging so that they could help staff to bridge the skills gap and promote upward occupational mobility younger workers.

As the text will cover in more details in the following chapter, we can observe a certain level of overlapping between the current innovations trends of the industry, boosted by the pandemic, and the requirements necessary for the creation of competitive advantages for firms. It is not surprising indeed that the industry itself, despite being a “staple” field of investments, shows space for further disruptive innovation and investors willing to bet their capitals.

2.3 Market Access

As mentioned previously in this report, the healthcare sector is characterised by an important number of product and players variety. Tarricone (2010) points out how there are significant differences in the submarkets in which medical technologies and products show different innovation rates, competitiveness, size of the companies, customers and international networks. Among the players that participate the market indeed there are both local national companies and foreign multinationals. Considering the whole supply chain, the main players are manufacturers and distributors. On the other hand, the majority of customers are public entities (hospitals, Local Health Authorities, regions, purchasing unions) but also private ones. The difference between these public and private customers from a contractual and administrative point of view should be mentioned; this means that, for example, there are significant differences between the various regions that affect business efficiency. Also, inside the same region we can detect differences as well, depending on the type of service under consideration and the players involved.

In this highly diversified context, in order to make analyses and draw conclusions about companies, it is important to take into account the characteristics of different submarkets and products. Specifically, the use of traditional economic/financial indicators would not be very useful if not related to the specific situation. It is necessary indeed to weigh the results and identify sets of proper indicators on the basis of certain characteristics of the companies under consideration, such as: price elasticity of demand, product life cycle duration and innovation rate. The consequence of this fragmented and heterogeneous reality is that healthcare companies need additional business functions in order to be competitive. In other words, alongside traditional functions such as marketing, production, commercialisation and sales, it is necessary to introduce specific business units such as Market Access and Intelligence.

Focusing on the function of “**Market Access**”, its task is twofold: firstly, the unit must ensure that the enterprise is constantly updated on the market situation and the ramifications of the health system; on the other hand, it has to maintain and build relations with the key players in the process of product acceptance. Its existence is therefore made necessary by the complexity of the process through which manufacturing companies must pass in order to bring their products to the market. Accessibility to the market is, in fact, subordinated to the positive outcome of a series of negotiations and relations with stakeholders that are diverse in terms of nature and policies, which are not even unique at the country level. While, long ago, market access depended exclusively on marketing and sales functions, nowadays the increasing laboriousness and heterogeneity of external stimuli made it necessary to make several organisational changes with the adoption of specific functions (Health Economics, Pricing & Reimbursement, Outcome Research), such as Market Access, which are necessary to guarantee the product's arrival on the market.

As already mentioned, the conditions of access are very diversified and depend strongly on the context, determining different pricing/reimbursement policies, as well as different timing of entry and diffusion. Establishing strong relationships with public institutions is of primary importance as opposition from government and other health companies can significantly undermine the product's landing to the market¹³. This fact may result especially true if we

¹³ Within the framework of cost containment in the health sector, the ASLs and AOs very often they adopt a selection logic based on short-term results. This myopia represents an attempt to contain expenditure health, but on the other hand, creates sales difficulties to companies whose products are costly and extremely useful but only if evaluated from a long-term perspective.

consider the adverse context of the health expenditures boost that lot of regions and countries faced during the last years because of the pandemic breakout.

Similarly, the support of other actors such as professional associations, patient associations, scientific societies and even the distribution networks, can increase the likelihood of success. In this context, Market Access allows the company to understand which are the key hubs needed to deliver technological innovation to the patients by establishing partnership relations with public actors in a win-win context.

2.4 Centralization and Public Administrations

Companies in the healthcare sector have to deal constantly with the public administration and it is a necessary condition for their operations. In particular, the relationships exist on several levels:

European: For medical technologies, obtaining the CE mark is a necessary condition for the marketing and commissioning of the product. As indicated by the Ministry of Health, there are three stages necessary: classification of the device, verification of compliance with essential requirements and sometimes the CE marking. Products should demonstrate indeed compliance with European directives in terms of safety and effectiveness from both a production and product specifications point of view and the process applies to drug development as well.

National: the discussion takes place with the “Direzione Generale dei farmaci e dei dispositivi medici” (DGFDM) about various activities such as: surveillance operations, requirements verification for the inclusion of the drug/device in the National Database, verification of clinical trials and technology assessments.

Regional: obtaining the CE mark or overcome national and European specifications and conformities is a necessary but not sufficient to access the market. A structured process at regional level is necessary to define full or partial reimbursement rates¹⁴ and, therefore,

¹⁴ The definition of tariffs takes place on a regional basis. This involves some significant differences between regions, which imply for businesses different market access conditions. Therefore, some most “prosperous” regions, with more appealing marketing conditions because health companies get higher reimbursements.

encourage their use by ASLs and AOs. In addition, at this level evaluations of technology are sometimes carried out¹⁵, requiring the production of information material.

Local: At this level, negotiations take place with the actors who will provide the technology and products to patients, such as ASL, Hospitals and purchasing unions.

In the light of this multilevel interaction, it is easy to understand how important the quality of the relationship with key stakeholders. The increasing complexity of the external environment together with the increasing degree of regulation of the sector and historical cost containment policies has led to the need for companies to equip themselves with communicational and relational tools that are necessary to understand better the new procurement systems adopted by the Italian regions. Despite these tools are indeed increasingly structured and attentive to the changing needs of the various players involved, further improvement opportunities exist thanks to data and communication management innovation. With regard to the procurement systems on the other hand, the main trend is the centralisation of purchasing units. While, previously, companies exploited professional doctors for product promotion and sponsoring, nowadays they must interact and negotiate with institutional figures responsible of purchasing for a certain number of healthcare companies and for a certain geographical area. Clearly, recent public expenditures in healthcare changed their direction because of the pandemic, from years of expenses expense-cutting, governments are now boosting the funds available in order to face the crisis, but the centralization of purchasing units still persisted, also during the vaccination campaign. This phenomenon, together with historical cost containment policies of the last years, can really become a double-edged sword. If, on one side, it is important containing public expenditure and increasing the bargaining power of the public administration, on the other there is the danger about a cut the quality and specificity of medical practices (Assobiomedica, 2015) that are crucial during emergencies such as an unexpected pandemic. We should indeed highlight that centralisation can be seen as a useful tool, but only as long as it is used on the most

¹⁵ The evaluation is conducted, for example, through units of Health Technology Assessment (HTA), which evaluate the medical-clinical, economic, social, organizational, ethical and legal aspects of technology, in order to evaluate its real effects and / or potential. These units are spreading not only regionally but also to enterprise level in order to find the best and most cost-effective technology.

appropriate medical products and in the right context in order to avoid drops in medical performance and patient safety.

3 CHAPTER 3: COVID-19 CRISIS AND ITS INFLUENCE

In this chapter the focus will shift towards the influence and consequences caused by the COVID-19 crisis, started in early 2020, which brought several changes and enormous strain on the sector's workforce, supply chain, infrastructure and of course, flows of investments. The scope of the chapter is indeed to describe and analyse the needs rising from the COVID-19 spreading, specifically in Italy, in order to understand the main reasons and origins behind the big changes faced by the healthcare industry. Some examples include consumer's increasing involvement in health decision-making; the adoption of virtual and digital innovation; the increasing use of data analytics and the push for public and private collaboration in vaccine and therapeutics development.

It is clear how many factors led to the acceleration of changes across the ecosystem forcing stakeholders to adapt and innovate and, on the other hand, several investors tried to take advantage of the situation thus exploiting the rising issues in the industry. The chapter will indeed describe these issues, how to address them, and it will try to describe and anticipate the post pandemic "new normal"¹⁶ after the recovery mentioning the current companies' reaction.

3.1 What is happening in 2020

Firstly, we should have a brief look of what was happening in Italy during the first semester of 2020, months characterized by the very beginning of the pandemic breakout. In order to contextualize the activities of the Venture Capital sector within the economic framework, we report in the first part of this chapter the main macroeconomic indicators that have characterized the Italian economy in the last five years (2016-2020). The health emergency caused by the COVID-19 pandemic has led to a decrease in nominal GDP (Gross Domestic Product at current prices) by 7.8% in 2020, with a resulting decrease in the nominal GDP per capita of 7.7% compared to 2019. According to the Bank of Italy's reports about the first quarter of 2021, Italy's GDP fell sharply in the first two quarters of 2020 (-5.5% in the first

¹⁶ Marcia Mogelonsky define the "new normal" as accepting the fact that in the coming years, due to a convergence of impact factors, the transformation will be continuous under several aspects. The new lifestyle imposed by Covid; the digital transformation that has reached epochal points of evolution; the climate crisis that looms over the environment; to the migratory flows that put a strain on cultures and society, as well as Governments are only few factors mentioned in the analyst's definition.

quarter and -13.0% in the second quarter). These results are probably due to the combined effect of the health emergency and the restrictive measures imposed by the government. In the third quarter, on the other hand, the economy faced a significant growth (up 15.9%) driven both by an increase in exports and domestic demand. The fourth quarter was down by a 1.9% decrease in GDP due to a new rise in the number of contagions and stricter measures adopted to combat the spread of the disease.

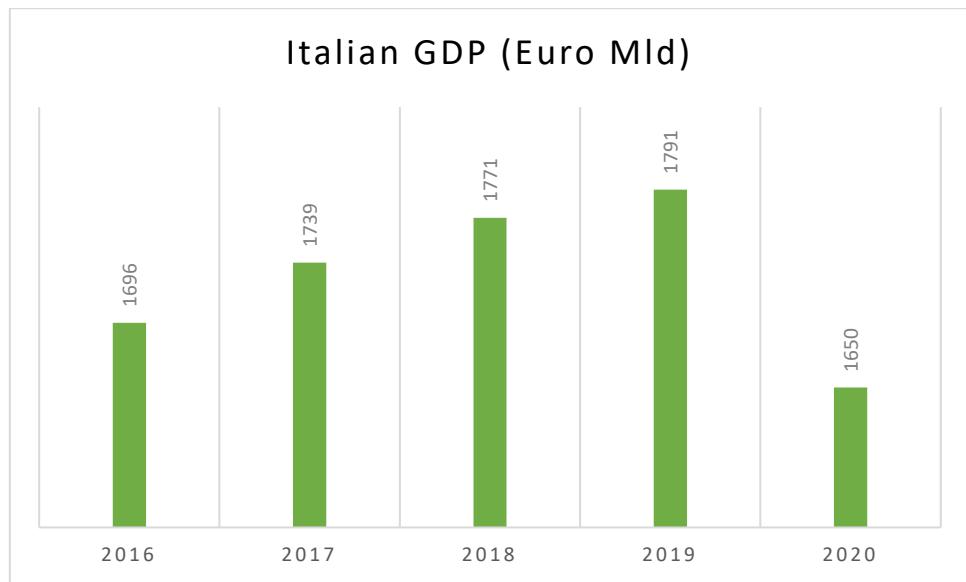


Figure 1: Italy's GDP over 5 years

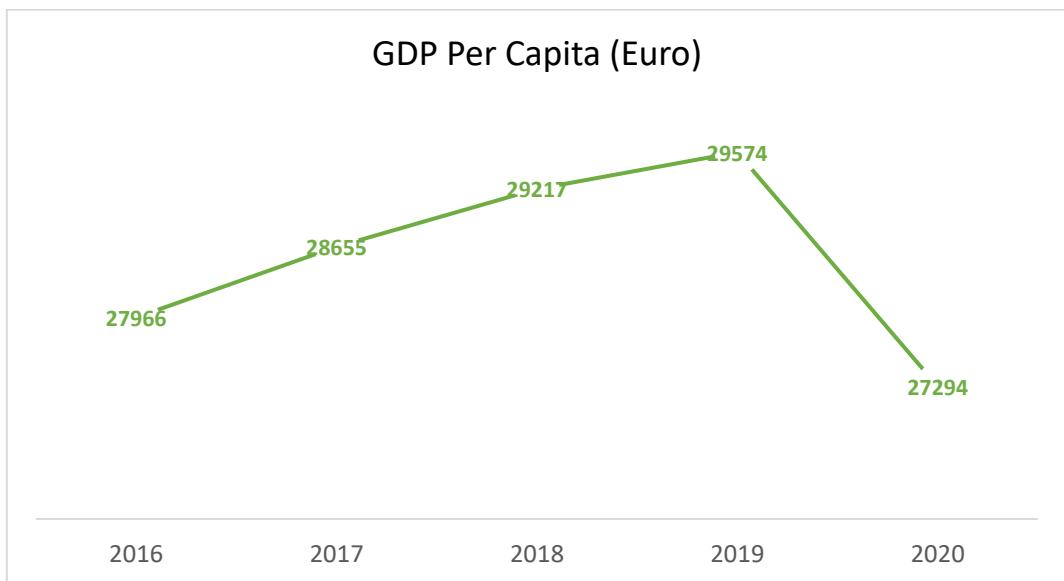


Figure 2: Italy's GDP per capita

In this global situation of emergency, Italy has been particularly affected badly compared with the rest of the European and world economies. At a global level, GDP in 2020 decreases significantly (-3.3% vs. +2.8% in 2019). The European Union suffers an even more marked

decline (-6.1% in 2020 vs. +1.7% in 2019), while as reported above, Italian GDP is the one that appears to have suffered the most from the crisis with a real GDP in decline of -8.9% (vs. +0.3% in 2019).

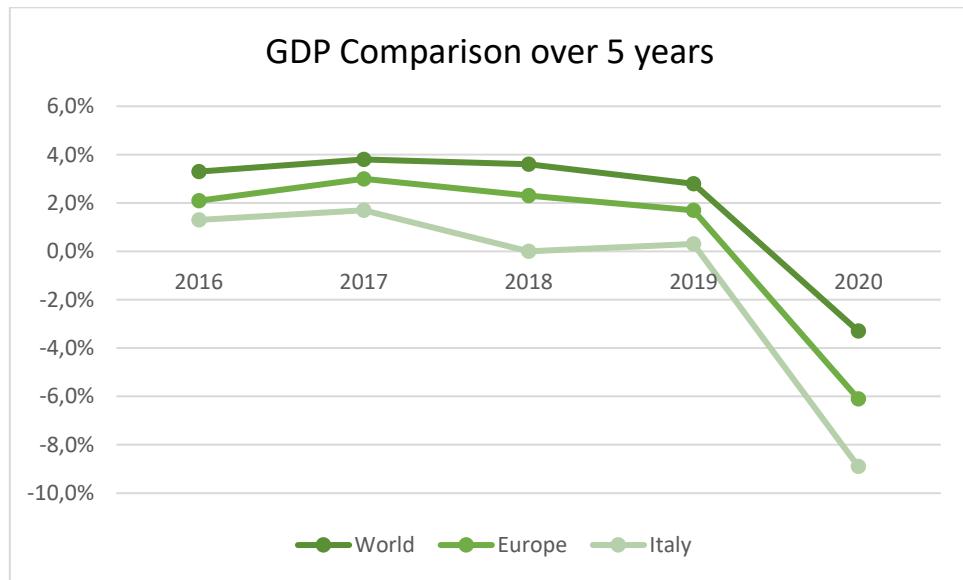


Figure 3: GDP comparison over 5 years

Labour market conditions in Italy remain harsh, although, despite the health emergency, the unemployment rate in 2020 stands at 9.3%, down from 2019 (i.e. 10.0%). According to the Bank of Italy's Statistical report, the health crisis affected the total hours worked in 2020. In the first, second and in the fourth quarter of 2020 the hours worked decreased respectively by 8.1%, 13.3% and 1.5% compared to the previous year's quarter. Following an easing of restrictive measures during the summer, in the third quarter there was an increase in hours worked, (i.e. +17.9% compared with the previous quarter). Despite the growth, employment levels remained well below the ones prior to the health emergency.

The maintenance of permanent employment was possible thanks to the freeze of companies' dismissals, a governmental action still in force until June 30, 2021. In addition, the extensive use of the redundancy fund (Cassa Integrazione Guadagni, CIG) and solidarity funds or other business support measures provided sufficient aid to companies in order to avoid higher unemployment rates. Between March and September 2020, recourse to the CIG has involved about 6.1 million people in Italy, affecting almost 50% of the employees of private companies.

However, temporary employment positions decreased by 250,000 units in 2020 and that the total number of jobs has decreased significantly mainly in private services, among young people and women.

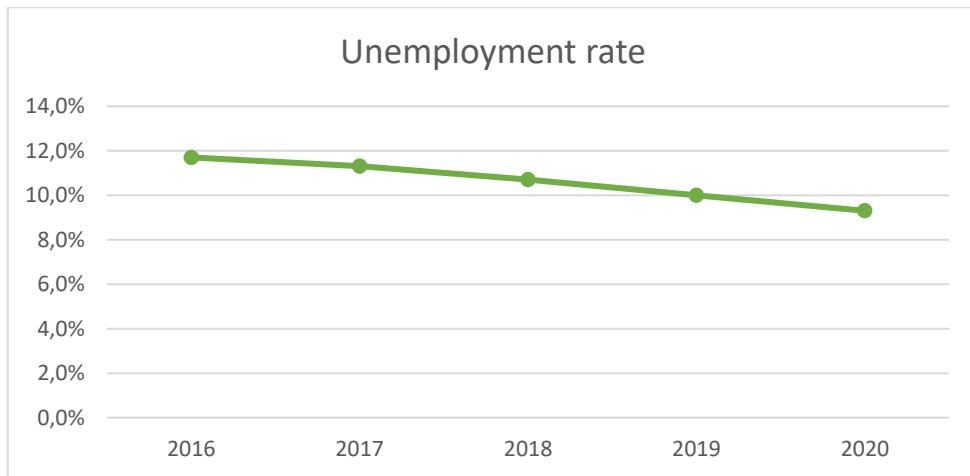


Figure 4: Unemployment rate in Italy

The 2020 inflation rate has turned negative again due to the drop in activities, falling energy prices and price trends in the service sectors, the most affected by the crisis. The expectations of analysts and companies assume very low values also during 2021. In March 2021, inflation returned to a positive level of 0.6%, primarily due to the trend in energy prices. The Governing Council of the European Central Bank, in order to avoid premature tightening of financial conditions, decided to increase the pace of bond purchases as part of the pandemic emergency program hoping to stabilize the situation.

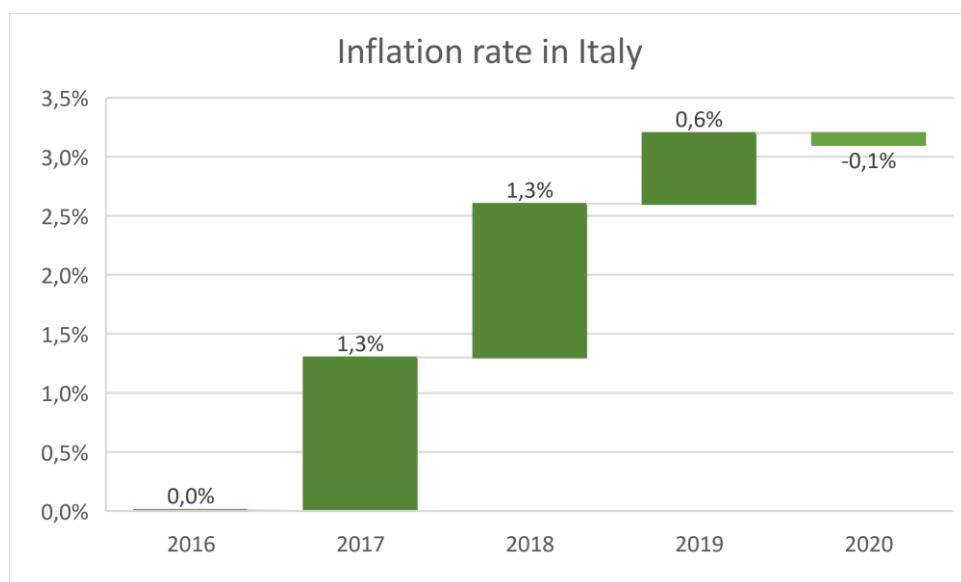


Figure 5: Inflation rate in Italy

With low inflation rate, the difficulties in keeping unemployment rate stable and the falling GDP¹⁷, it is clear how tragic the impact of the pandemic was on the Italian economy. Despite these macro-economic factors, investment funds proved to have a solid answer to the crisis, but this will be the topic of the next chapter. Now, the following paragraph will deepen the consequences of the pandemic on a qualitative point of view, describing issues in the healthcare sector and its impact on labour.

3.1.1 Healthcare sector issues

Narrowing the focus of the research from the macroeconomic aspect towards the healthcare sector, the following text has the objective to list the main consequences caused by the pandemic, highlighting the necessities that have arisen and the main obstacles that people, companies and the government had to face. The scope is not only giving a mere description of the economic and social environment, but this chapter wants to help the reader to understand the decisions behind the action of VC funds and their strategies during the pandemic.

Consumers' experience

The demand coming from the final customers is, by its nature, the main cause driving the transition to patient-centric care delivery. Their expectations strongly influence stakeholders who recently are trying to build a holistic human health experience and innovate classical methods services. Specifically, the pandemic accelerated the consumers' desire of being more active and engaged in managing their health. People are more aware of health risks while patients are learning how to better communicate with doctors and care more about their privacy as well. They want convenience, transparency and competences. Between the consequences of the pandemic crisis, we can recognize, in terms of consumer experience, some specific behavioural trends:

- **Greater engagement:** Customers are more willing than ever to tell their opinion and disagree with doctors and health professionals; they have the possibility to become more informed and to use tools to get information about diseases, treatments and their costs as well as the best technologies for health monitoring and tracking.

¹⁷ Previous data from KPMG report: Italian Private Equity and Venture Capital Market 2020 performance in cooperation with AIFI.

- **Virtual Visits:** Social distancing measures changed the way people live and work and the percentage of virtual visits raised steeply from the beginning of 2020 and are likely to continue given their efficiency and success.
- **Health monitoring Technology:** Innovative technologies exploited for health monitoring and tracking are growing in popularity and continue to change people habits.
- **Trusted clinical relationship:** Despite the increasing frequency of virtual visits and diagnosis, providing the same personal experience as during as in-person visit remains paramount. This is especially true for organization developing tools and services for those patients with chronic diseases.

Business Model Innovation

Focusing to Health delivery organizations (Hospitals, medical offices, clinics, drug sellers, etc.), we can notice how they struggle about the challenges of healthcare affordability, access, quality and efficiency despite government subsidization. Existing care models oriented around the provider of physical health, which prioritize location and payment models over patients' needs, can prevent the adaption and evolution of current business models. Since the public opinion seems to be favourable to new preference and practices, the imperative for Health Delivery Organizations to transform business models nowadays remains a priority and the process is accelerated more than ever. Specifically, companies can innovate delivery systems in order to meet clients necessities, adapt virtual care systems, innovate workforce training, implement automation, develop new partnerships, pursue new market space and also rethink the business model addressing different offering to reduce disparities between distant socio-economic statuses.

Consumer and provider responses to several surveys¹⁸ indicate their support for a transition to new care models that will characterize the “new normal”. Future state-model of health delivery can evolve in multiple ways. Surely, the consumer-centric mantra is going to characterize future business model as well as the growing transition from standardized clinical protocols to personalized medicine. Another emerging trend represent the growing acknowledgement of consumers about their own well-being; there is indeed a strong interest

¹⁸ Survey results from Deloitte report: Global industry outlook – Healthcare 2020

about prevention rather than acute care while at the same time the broader definition of “health”, including mental and emotional aspects, is becoming a shared ideal. Despite the consensus of stakeholders, we should remember that this kind of transformation are costly and time consuming and providers might be financially strained by the postponement or cancellation of non-urgent surgeries and other services during the pandemic. Indeed, it is impossible to say when this transition will take place, but it is clear that acting is now a necessity for players to survive in a post pandemic future.

Digital Transformation

Covid-19 has been an important driver and accelerator of healthcare digital innovation during 2020. Several stakeholders understood the necessity of digital technologies required to fill the gap between supply and demand of health-services as well as to bring improvement in management. During the months of the pandemic breakout indeed, many years of digital research initiatives have been put in practice. In order to personalize medicine, enable virtual care and real-time care interventions, the main candidate technologies are IT systems powered by cloud computing supported by interoperable-data analytics and deep learning capabilities. Despite some common traits, each country had its own rate of adoption of different types of digital innovation within the sector; in Europe specifically, the most frequently used technologies were indeed electronic health record (EHRs) and e-prescribing but they did not come without some challenges such as costs, bureaucracy and staff training.

Between the innovative technologies shaping the industry, we should focus carefully on three of them in order to understand completely their potential for disruption and thus their attractiveness for VC investors:

- **Cloud Computing:** The COVID-19 breakdown created a huge cost pressure within players operating in the sector (protective equipment, ventilators, therapeutics, deferred/cancelled surgical and diagnostic procedures) and a major opportunity area may be found in modernizing the technology infrastructure from brick and mortar data centres to the cloud. Cloud computing technology is increasingly seen as a solution to improve health systems’ IT infrastructure and reduce costs thanks to its ability to process and deliver data in an efficient, collaborative manner while computing data into meaningful information. Instead of operating with a highly centralized approach

(acquisition of hardware, software and infrastructure that is exploited regardless of the capacity required) a decentralized system, in which real-time and easy-to-access data, storage and applications are provided based on the right necessity, may bring several benefits.

- **Artificial Intelligence:** AI uses algorithms and machine learning¹⁹ (ML) to analyse and interpret data, deliver personalized experiences, and sometimes automate repetitive and expensive health care operations. The technology have the potential to reduce time spent on administrative tasks, allowing personnel to focus on more challenging clinical work such as those brought by the pandemic. Some AI based solutions can ease diagnostic processes by using medical data available across hospitals and health systems, thus helping professionals in clinical decision making by providing on-demand data-driven insights. Another benefit of AI solutions is surely the possibility of providing assistance in scheduling and planning of staff rotation, a major challenge emerged during the pandemic breakout given by operational constraints such as number of personnel, skills and equipment required. On the other side, the patient risk will decrease as well because of the identification of medication errors that traditional rule-based clinical decision support systems are unlikely to detect. Indeed, thanks to the fast examination of a large number of information, performance and productivity may be optimized and resource utilization will bring time and cost efficiencies.

Between all the benefits that Artificial Intelligence can bring to the sector, we should mention how its use can be broadly used in both Clinical and Nonclinical operations. In the former, for example, AI can be exploited for COVID-19's symptom analysis, it can accelerate scientific discovery processes, improve medication-error detection or improve workforce management when resources are scarce; in the latter, AI enables administrative task automation, accelerate insights generations, helps in fraud and abuse detection and improve customer experience. Today, more than ever, enterprises understood how exploiting AI will be essential in the future and how its adoption is likely to bring immediate returns and a bigger competitive advantage.

¹⁹ Beltrametti defines Machine Learning as a subset of artificial intelligence (AI) that is concerned with creating systems that learn or improve performance based on the data they use. Artificial intelligence is a generic term and refers to systems or machines that mimic human intelligence.

- **Virtual Care Delivery:** Prior to COVID-19, virtual care delivery adoption seemed to be still three or four years away from common implementation, but thanks to safety concerns caused by the pandemic virtual interaction became quickly a necessity. Communication technologies such as video chats, phone calls, emails and web meetings became essential in care delivery when COVID-19 lockdowns precluded in-person visits and appointments. In the same way, telehealth, tele-pharmacy, medical aid delivery and virtual visits are boosting the health system adaption to virus spreading. Behind the fact that some kind of virtual services are gathering success between users, we should mention how they can also help to reduce care delivery costs for both providers and consumers and there is a considerable probability that some practices and clinical interactions will face a permanent change after the pandemic outbreak. Naturally, a small reversal in virtual services is likely to occur as the pandemic eases and vaccines are distributed, patients indeed will feel more comfortable engaging other individuals. It is important to mention also the fact that virtual consultation is not always possible for some kind of complex cases. However, the Industry outlook from Deloitte indicate that virtual care delivery will be the norm for several clinical interactions and organizations should develop appropriate capabilities and virtual tools for managing care delivery in a post pandemic world characterized by a new regulatory and behavioural framework.

At the end, as specified above, the rising issues of new consumer experience, new business models and digital transformation are *change management*²⁰ processes which close the gap between demand and supply. Despite the obstacles of the pandemic breakout, these issues indeed, if properly addressed, may bring benefits: patients may find more personalized, affordable and predictive care; clinicians may be better supported in their own jobs and decision-making while healthcare systems may be more efficient and coordinated.

3.1.2 Impact on work and talent

Among the issues rising from the pandemic, we have to mention also its impact on work and employment, specifically on healthcare. The crisis overwhelmed hospital across the country

²⁰ Gabrielli defines Change Management as the set of structured activities for the change of internal management of the company. It is an articulated and complex path, because it has a strong impact on people's habits, which by their nature always show a certain resistance to change. Managing the human aspect, which means leading people towards new habits, is therefore the most delicate aspect.

and health systems demonstrated gaps in the workforce. It has also changed workplace dynamics: now remote clinical and non-clinical jobs are common when addressing capacity challenges; there is an increase in the use of data analytics and automated dashboards and digital and connected solutions are being exploited for patient monitoring and treatments. Further considerations may be done if we think about those segments that sees their own supply chain stressed heavily by the rising demand of products related to certain diseases' treatments; those companies are indeed unable to face demand peaks and their capacity result insufficient. On the other hand, some firms were forced to close temporarily and they struggled to find a way to pay their employee. The pandemic clearly influenced all workplace aspects and some of them will remain permanently altered.

Between the implications, sourcing medical staff remain the most crucial topic. With travel bans making human resources traffic more difficult across regions, the Italian government soon understood its need for workforce, especially in hospitals, and passed an emergency decree²¹ in 2020 to award licenses to migrant medical workers as it struggled to contain the pandemic.

Another interesting impact is surely the need of adaption to the virtual workplace. Once the crisis will end, only few job positions will be untouched by *virtualization*. With patients unwilling or unable to move from their home, healthcare companies and their staff have had to adapt to accommodate their customer, also through innovative virtual solutions. Naturally, this deep change have several implications about recruiting, business models, corporate culture and communication, but these topics lie outside the scope of this chapter.

One of the main consequences of those impacts is about *reskilling* and *upskilling*. Provide the employees the required skills for performing better their work through new tools and technologies is now an imperative for every job. For example, high school professors teaching in virtual settings may need training to polish their "web-side" manner and capabilities. Regardless of the profession, the market or the operating framework, almost every job in a post pandemic environment requires new set of skills and the expertise and capacity of the

²¹ The *Decreto legge del 9 Marzo 2020*, first of several others related decrees, provides extraordinary measures for the recruitment of doctors, nurses and health personnel including the recall of retired health workers and other provisions for the strengthening of the National Health Service. Special assistance units have also been set up for people positive to the new Coronavirus not hospitalized. To make the extraordinary measures immediately effective, the decree provided for the allocation of 845 million euros.

organizations to address this trend is not always available. Concurrent with the need to upskill the existing capabilities for a new future is the growing imperative to promote workplace diversity and inclusion. Heterogeneous teams have the ability to gather different viewpoints and experiences while enhancing the upskilling processes through tacit knowledge transmission.

Long story short, the workforce, specifically in the healthcare industry, has been significantly and uniquely impacted by the COVID-19 crisis. Regardless of the job nature, how organizations and the government respond to support their employees tomorrow will rely heavily on rethinking the strategies for engaging, retaining and developing a new skilled workforce.

3.2 Institutions and collaboration

Other than the main issues rising in the Healthcare sector and their implications on companies and stakeholders, the collaboration within the health ecosystem deserve a mention as well. Given the necessity to adapt quickly to the disease spreading, the concept of collaboration became imperative. Already, we have seen widespread knowledge and resource sharing even among traditional competitors as well as higher levels of trust. Traditional boundaries have become more blurred, giving birth to opportunities for new business and funding models, more collaboration in research and innovative products and services from both incumbents and new entrants.

As we saw in the first stages of the pandemic, the whole healthcare's supply chain showed its own vulnerability because of worldwide interdependencies and brittleness. Historically, healthcare's supply chain and inventories have been optimized for cost, exploiting JIT-like²² management processes that is often effective, but was not flexible enough to respond to escalating cases of COVID-19, unexpected surges in demand and hospitalization requirements. The supply shortages of personal protective equipment, pharma and medical devices resulted in a volatile and unhealthy marketplace that has been faced by providers thanks to

²² Just In Time (JIT) is a Set of Japanese-derived industrial techniques applied to the management of production, stocks and the supply chain. Initially developed by the Toyota Motor Corporation, in its narrowest meaning, it means producing only what is requested by the customer within the time required by the customer; in the most extended version, the application of the JIT is aimed at reducing, as well as eliminating, all forms of waste that occur within the factory and in supply chain. The main results deriving from all these techniques are the decrease in inventory management costs, avoiding anticipated production, the optimization of the production process.

collaboration. A simple and clean manufacturer-distributor-customer collaboration could help strengthen the healthcare supply chain by enabling the right level of resilience and redundancy in the system and boosting providers' ability to overcome sudden high demand similar to that encountered throughout the pandemic. Providers should be able to evaluate their current critical supply stock, understand what is necessary for scheduling and plan for any possible supply gaps by engaging with vendors and sourcing from alternate suppliers without abrading the quality of products. Furthermore, it is obvious that the importance of collaboration will be crucial for governments, pharma and logistics companies to manufacture and distribute of COVID-19 vaccines as well.

Collaboration indeed can be declined under several forms: development of data platforms that integrate real-time data; leveraging shared data analytics to improve prevention and treatments; establishing new public-private-partnership to ensure health equity; generating alliances²³ between healthcare incumbents and disruptive entrants to generate innovative solutions.

Ultimately, It is clear that collaboration is helping to manage the crisis and its challenges, but it is not clear if whether or not organizations will revert to a traditional approach despite the evident global benefits for all the stakeholders.

3.3 Companies' Reactions

In this section, we are going to analyse the actions taken by healthcare leaders during the pandemic breakout and what they planned for the future in order to stabilize the current uncertainty in the market. Beside the sector leaders constantly adapting, we observe as well some new entrants, start-ups and innovative companies eager for VC funding and ready to take advantage of the rising demand of certain products and services. The suitability of the segment for VC investment during 2020 will be further discussed in the following chapters, but for now, we just look at the questions companies had to answer for their immediate future.

²³ Between the several possibilities, the author cite as example the interesting real case of Vimercate Hospital and Fujifilm collaborating on a platform called REiLI for assessing the impact of the virus on patient's lungs. In the early stage of the pandemic more than 80 chest X-rays were executed for analysing the evolution of the pandemic and start simultaneously a retrospective study of lung diseases.

Meet the **healthcare needs of customers** is certainly the biggest issue for any company and tuning products and services is the very first step for the majority of companies being impacted by the pandemic. Among the actions, deploying new tools and services played an important role: off-site health monitoring and care delivery, stay-at-home and social-distancing practices and better digitalization of services improved customer satisfaction as well as medication adherence. Another important reaction is about earning customer trust; global leaders in the sector had to demonstrate transparency, safety of their products and services and a sense of empathy in how they operate in order to help customers to reduce uncertainty and retain them. Among the further actions that might be done by companies, implementing data interoperability deserve a mention. Specifically, during middle 2020 consumers were willing to share their data for the sake of virus spreading prevention; this was particularly true for younger users but several concerns rose about data privacy and the inconvenience of sensible data spread across the networks²⁴. Some organizations are also currently working to give consumers full access to their medical information and control over their sharing. This kind of solution will of course require huge data interoperability among companies that possess the information but the real implementation is far from being trivial.

The second most important issue companies had to address is about how to **accelerate digital transformations**. As previously mentioned, the pandemic was an important driver for companies' digitalization and social-distancing and safety measures made the use of digital services imperative. In order to expand access to services, bridge capabilities gaps and deliver an effective experience, the creation of a solid IT infrastructure was the primary supportive action. Naturally, this solution requires a considerable amount of investments and on the other side, it gives the possibility to new entrants to bring disruption if are skilled enough for anticipating trends and technologies. That is the reason why the healthcare sector and whoever works with related digital technologies and services is under the watch-list of VC investors, particularly last year more than ever. Clearly, the problem of addressing data

²⁴ Governmental funded mobile application “Immuni” is the greatest example. The application could keep track of individuals and virus cases, helping to prevent virus spreading using personal information shared across multiple networks. The case created several concerns because of data privacy and low transparency of terms and conditions, indicating the need of a careful set of regulations and better preparation of similar emergency tools.

interoperability and establishing the right governance to guide these managerial and operational changes persist, but surely, the smartest players will predominate.

The **collaboration and workforce** issues comes immediately after. The pandemic crated an unprecedented need of collaboration between industries, companies, investors, researches and governments. Thanks to institutional policies and a collective effort, several players were able to leverage each other's strengths, bringing together huge investment budgets, digital expertise, clinical expertise, market and technological knowledge. On the other hand, dealing with workforce issues was not so trivial. The government required companies and any sort of office or marketplace to implement social distancing policies, sometimes recurring also to lockdowns that forced all the *non-necessary-goods* shops to remain closed for a certain period of time. The impact of these measures was definitely tremendous for a subset of the population who found itself in economic difficulties because of shop closure, job losses and layoffs. The Government tried to mitigate through subsidies but few other actions were actually viable to contain damages. Talking about services workforce, the challenges were different and mainly focused on safeguarding front line staff's health. In order to avoid virus spreading, companies identified and adopted the technology enabling to work remotely and safely thanks to cloud technologies, shared services and AI as well as social-distancing policies and symptoms-monitoring devices. Reimagine both virtual and real workspaces enabled the operational continuum of companies and the smartest organization are currently rethinking their real estate management. Naturally, these tools and practices require new sets of skills from the workforce side but not all the companies are able to revisit traditional training for their staff.

If we narrow our focus considering healthcare stakeholders, their challenges go far beyond of what written above, mainly because of the vaccines production ramping and the implementation of related services. Yet, even as they join forces against the pandemic breakout, organizations also need to anticipate and understand the trends that are propelling them toward the next "*new normal*".

4 CHAPTER 4: HEALTHCARE VC INVESTMENTS IN ITALY

After the previous chapters referring to the academic literature about Venture Capital and the Italian medical sector we are going to explore these topics, previously presented separately, in a homogeneous and integrated perspective. We will start to investigate the real objective of the paper: analyzing the flow of investments and the change in strategies of investors in this sector during 2020, a period characterized by the health crisis caused by the worldwide epidemic of COVID-19. Specifically, now that the foundations for analysis have been build and the reader has obtained the basis for a more informed reading, we will now describe the sector and the environment from the point of view of the players involved and their main choices. Specifically, the chapter is divided into two main parts:

1. **Overview of Italian VC firms:** initially, the main companies operating in the VC sector and investing in the healthcare industry are identified and considered as object of analysis. In particular, these active funds database comes from the AIFI website, where there is a dedicated section for each member. As a selection criterion from the AIFI register, all companies with headquarters in an Italian city and include at least one investment or divestment in the healthcare or biotechnologies sector in their portfolio were considered for the analysis. After the completion of the sample, their main peculiarities have been analyzed and the main players active in the market are indeed presented below along with their main characteristics.
2. **Investment analysis:** After some analysis about the pool of Venture Capital players, the focus will shift towards the deals completed in the last year, period marked by the sanitary crisis, with particular attention to those investments in Healthcare companies. The flow of capital towards the companies in the sector were analyzed along with some other metrics and characteristics. In this way, it was possible to understand the current landscape of venture-backed companies along with the reasons behind the investment funds' decisions.

4.1 Venture Capital Firms in Italy

In order to identify Venture Capital players operating in the Healthcare sector and obtain an initial sample of funds to analyze, the author gathered members registered on AIFI website. As previously mentioned, the entire list of members available on the platform was considered

as starting point and a search and screening phase was carried out. The strategy for selection of members included:

1. Criteria based on the location of the fund
2. Criteria based on preferred investment sectors

4.1.1 Funds sample

From the total number of companies registered on the platform, which amount to more than one hundred units, only those whose headquarter is indicated to be based in an Italian city were considered for the sample. Subsequently, all companies not active in the Healthcare or Biotech sector were discarded. The rationale was applied both in terms of current portfolio investments and in terms of companies disinvested in the past. In order to complete the comparative analysis indeed all companies resident in Italy and active in the sector of reference have been filed in the database; the total players that meet the requirements are 48. Since the AIFI register also includes Private Equity and Private Debt funds, the final sample was adjusted considering a proxy parameter capable of distinguishing activities related to Venture Capital investments. In fact, the final sample presents only the 44 funds that declare among their investment focus those of early-stage or expansion type, typical of VC.

FUND NAME	WEBSITE
ARDIAN Italy	http://www.ardian.com
Avanzi Etica Sicaf EuVECA	http://www.aimpact.org
AVM Gestioni Sgr	http://www.avmgestioni.com
B4 Investimenti SGR	http://www.b4investimenti.it
Banca Sella Holding	http://www.gruppobancasella.it
Cdp Venture Capital SGR	http://www.cdpventurecapital.it
Claris Ventures Sgr	http://www.clarisventures.com
Consilium SGR	http://www.consiliumsgr.com
CVC Advisers (Italia)	http://www.cvc.com
EQT Partners	https://www.eqtgroup.com/
Equiter - Investimenti per il Territorio	http://www.equiterspa.com
EUREKA! Venture Sgr	http://www.eurekaventure.it
F2i SGR	http://www.f2isgr.it
Finsea	http://www.gruppofinsea.it
Friulia	http://www.friulia.it
FSI	http://www.fondofsi.it
FVS SGR	http://www.fvssgr.it
Green Arrow Capital SGR	http://www.greenarrow-capitalsgr.com
H.I.G. European Capital Partners Italy	http://www.higeuropre.com
Indaco Venture Partners Sgr	http://www.indacosgr.com

Innogest SGR	http://www.innogestcapital.com
Innova Italy Partners	http://www.innovaitalypartners.it
Innovative-RFK	http://www.innovative-rfk.it
Itago	http://www.itagopartners.it
L Catterton Italy Advisors	http://www.lcattertöneurope.com
Lazio Innova	http://www.lazioinnova.it
Mandarin Advisory	http://www.mandarincp.com
Mediobanca SGR	http://www.mediobancasgr.com
Charme Capital Partners SGR	http://www.charmecapitalpartners.com
Meta Ventures	http://www.meta-group.com/investment
Mittel	http://www.mittel.it
Muzinich & Co.	http://www.muzinichprivatedebt.com
Muzinich & Co. SGR	http://www.muzinich.com
PAI Partners	http://www.paipartners.com
Permira Associati	http://www.permira.com
Principia SGR	http://www.principiasgr.it
RedSeed Ventures	http://www.redseed.it
Sefea Impact Sgr	http://www.sefeaimpact.it
Siparex Investimenti 2 - Insec	http://www.siparexinvestimenti.com
Star Capital SGR	http://www.starcapital.it
Sviluppo Imprese Centro Italia SGR	http://www.fondisici.it
TIM Ventures	http://www.timventures.tim.it/en
Trentino Sviluppo	http://www.trentinosviluppo.it
Triton	http://www.triton-partners.com
Value Italy Sgr	http://www.valueitalysgr.it
Venture Factory	http://www.venturefactory.tech
Yarpa Investimenti SGR	http://www.yarpa.it

Table 1: List of VC firms registered on AIFI

After defining the sample, some publicly available and relatively relevant information were collected for each member in order to extract some descriptive statistics from the sample under review. The sources of this information comes mainly from the AIFI register and the funds' websites. As a demonstration, the various players have been filed considering the following variables:

- **Name:** Name of the firm
- **Geography Preference:** Preferences in terms of origins of invested companies
- **Focus:** Preferred stage focus (early-stage, expansion, etc.)
- **Industry Preference:** Preference in terms of covered industries
- **Capital Under Management:** Declared amount of capital managed
- **Minimum investment:** Smaller amount of capital invested by the firm
- **Maximum Investment:** Higher amount of capital invested by the firm

- **Number of funds:** Number of funds managed by the firm
- **Number of Executives:** Number of active management
- **Portfolio companies:** Number of companies actually financed
- **Number of Healthcare:** Number of healthcare companies as current investment

Following the step of data collection, preliminary analyses were completed in order to obtain an overview of investment funds in Italy. The analyses calculated include some main basic statistics and, for comparative purposes, they have been applied also to companies investing at times in subsequent stages with respect to *expansion* and *early-stage* financing. The results for each sub-sample considered will therefore be summarized and discussed below.

4.1.2 Descriptive Statistics

The first analysis was carried out considering the entire sample of 48 players who own companies operating in the healthcare sector. VC firms, PE firms and private debt companies are indeed included. The aim is to have a general overview of the players involved in the sector and to understand how different they are. The results are available in the following table:

	CAP UNDER MANAGEMENT	MIN INVESTMENT	MAX INVESTMENT	# FUNDS	# EXECUTIVES	# PORT. COMPANIES	# HEALTHCARE
Min	15.000.000,00 €	25.000,00 €	1.500.000,00 €	1,00	1,00	2,00	1,00
Max	62.000.000.000,00 €	170.000.000,00 €	1.096.000.000,00 €	12,00	180,00	90,00	18,00
Average	4.269.620.000,00 €	16.025.000,00 €	123.821.428,57 €	3,65	13,23	26,69	5,04
St dev	11.119.895.228,20 €	35.066.259,09 €	259.844.269,16 €	2,87	27,85	25,31	4,32
Median	269.200.000,00 €	1.000.000,00 €	17.500.000,00 €	3,00	6,00	19,50	3,00
Total	170.784.800.000,00 €	657.025.000,00 €	5.200.500.000,00 €	157,00	622,00	1121,00	126,00

Table 2: Descriptive Statistics of main VC characteristics

From the data that emerged, one can get an idea of the extent of investment flows in the sector. One fact worth noting from the data above concerns the standard deviations of the fields considered which appear quite high. The fact is particularly evident if we compare the values of *Capital under Management*: the value of the average is less than half of the standard deviation, indicating how there is a great variation of this data within the sample. This is supported by the companies' policies defining the maximum and minimum values of single investments: the lowest *Capital under Management* is 15 million euros, while the highest reaches 62 billion euros. This great variety between values also persists in other data, one example being the number of executives, which turns out to be a very variable figure; this is probably because companies of different sizes employ different amounts of executives. It is therefore evident that within the sample there are VC firms of different size and importance and that the investment landscape is quite variable in its main characteristics.

Before moving forward into the analysis by restricting the sample to VC investors only, it is interesting to divide the players into three different categories in order to obtain more precise and self-explaining results. In fact, the descriptive statistics previously used are now applied on three sub-samples of the initial list of firms; these divisions have the purpose of reducing possible errors in the interpretation of data and to describe in a more precise and punctual manner the behavior of the companies considered with regard to their size and managed capital. The 3 categories were indeed defined on the basis of the amount of capital managed: the first group, "Small", includes all funds with capital managed of less than 100 million euros. The second group, "Medium", includes funds with capital managed ranging between 100 million and 1 billion euros. Finally, the third division, "Large", includes funds with capital managed of over 1 billion euros. Given that the amount of managed capital can influence the investment strategies of companies, the tables below show the results for each group.

	CAP UNDER MANAGEMENT	MIN INVESTMENT	MAX INVESTMENT	# FUNDS	# EXECUTIVES	# PORT. COMPANIES	# HEALTHCARE
Min	15.000.000,00 €	25.000,00 €	1.500.000,00 €	1,00	3,00	2,00	1,00
Max	100.000.000,00 €	5.000.000,00 €	25.000.000,00 €	8,00	8,00	60,00	10,00
Average	52.116.666,67 €	1.252.083,33 €	8.916.666,67 €	2,09	5,25	19,20	4,00
St dev	27.124.957,76 €	1.843.984,64 €	6.788.470,62 €	2,17	1,42	21,21	3,67
Median	50.000.000,00 €	275.000,00 €	7.500.000,00 €	1,00	5,50	6,50	2,00
Total	625.400.000,00 €	15.025.000,00 €	107.000.000,00 €	23,00	63,00	192,00	20,00

Table 3: Descriptive Statistics - Small VC firms

	CAP UNDER MANAGEMENT	MIN INVESTMENT	MAX INVESTMENT	# FUNDS	# EXECUTIVES	# PORT. COMPANIES	# HEALTHCARE
Min	141.000.000,00 €	200.000,00 €	2.500.000,00 €	1,00	3,00	5,00	1,00
Max	992.000.000,00 €	100.000.000,00 €	100.000.000,00 €	9,00	42,00	86,00	15,00
Average	396.141.176,47 €	11.630.000,00 €	30.400.000,00 €	3,88	9,06	26,81	6,10
St dev	266.735.374,62 €	25.668.559,14 €	26.518.322,51 €	2,26	9,11	25,60	5,49
Median	269.300.000,00 €	1.000.000,00 €	24.000.000,00 €	3,00	5,00	14,50	4,50
Total	6.734.400.000,00 €	174.450.000,00 €	456.000.000,00 €	66,00	154,00	429,00	61,00

Table 4: Descriptive Statistics – Medium VC firms

	CAP UNDER MANAGEMENT	MIN INVESTMENT	MAX INVESTMENT	# FUNDS	# EXECUTIVES	# PORT. COMPANIES	# HEALTHCARE
Min	1.100.000.000,00 €	500.000,00 €	10.000.000,00 €	1,00	3,00	5,00	1,00
Max	62.000.000.000,00 €	170.000.000,00 €	1.096.000.000,00 €	12,00	180,00	90,00	18,00
Average	14.856.818.181,82 €	54.437.500,00 €	446.777.777,78 €	5,50	29,73	39,91	4,88
St dev	19.968.675.753,88 €	67.047.657,62 €	455.528.203,79 €	3,63	54,64	29,59	5,62
Median	6.500.000.000,00 €	22.500.000,00 €	250.000.000,00 €	4,50	8,00	40,00	3,00
Total	163.425.000.000,00 €	64.641.259,09 €	494.165.697,73 €	22,52	114,08	255,00	45,36

Table 5: Descriptive Statistics - Large VC firms

In fact, after the subdivision of investors by capital under management, more insights emerge from the analyses. The dispersion of the data is more contained and each segment shows data consistent with realistic perceptions of the market. Actors who manage smaller amounts of capital, therefore assumed smaller in terms of size, are characterized by lower average, minimum and maximum investments than large companies are. Similarly, the trend is recognizable in other data such as the number of executives. It is interesting to note two figures: the number of funds and companies in the portfolio. Regarding the former, it can be

seen that the number of funds managed by large firms is not, on average, much greater than the number of funds managed by Medium firms. As regards the number of companies in the portfolio, on the other hand, a considerable difference clearly exists between Medium and Large VC firms. This may indicate that managers with large amounts of capital prefer to keep a limited number of funds active, while diversifying their investments with a high number of companies. This reasoning is also confirmed by the presence of maximum and minimum investments from large firms, those numbers are not so much greater than the same values of the Medium firms.

Following the analysis of the parent sample, we proceed to narrow the focus on a more descriptive sample. As mentioned at the beginning of the chapter, for the final analysis, only VC firms (focus on *Early-stage* and *Expansion*) based in Italy and supporting investments in the healthcare sector are considered. In order to keep consistency with what has been analyzed so far, the table below shows the descriptive statistics previously used:

	CAP UNDER MANAGEMENT	MIN INVESTMENT	MAX INVESTMENT	# FUNDS	# EXECUTIVES	# PORT. COMPANIES	# HEALTHCARE
Min	€ 15.000.000,00	€ 25.000,00	€ 1.500.000,00	1,00	1,00	2,00	1,00
Max	€ 62.000.000.000,00	€ 150.000.000,00	€ 1.096.000.000,00	12,00	180,00	90,00	18,00
Average	€ 2.755.355.555,56	€ 12.421.710,53	€ 105.910.256,41	3,64	12,16	27,13	5,04
St dev	€ 10.494.960.631,40	€ 29.361.775,44	€ 245.789.513,92	2,86	27,37	26,39	4,89
Median	€ 225.000.000,00	€ 1.000.000,00	€ 15.000.000,00	3,00	6,00	17,00	3,00
Total	€ 99.192.800.000,00	€ 472.025.000,00	€ 4.130.500.000,00	142,00	523,00	1031,00	126,00

Table 6: Descriptive Statistics – VC

It is important to mention that the final sample of VC funds active in the healthcare system does not differ substantially from the sample previously used. Indeed, narrowing the sample excludes only four funds. However, as we can read from the table, we can observe quite significant changes in the average variables of *Capital under Management*, *Minimum* and *Maximum Investments*. These values indeed are lower and the author expected such change since *non-pure Venture Capital* funds tends to be involved on average in greater activities and deals and standard deviation shows the same decrease as well. Other values such as number of funds or portfolio companies are unchanged, in terms of both averages and standard deviations. Despite the sample now is slightly cleaner, the result previously deducted are not changing, showing the preference of multiple investments of contained amounts also among the activities of bigger funds and confirming the negligibility of those *non-pure VC* funds.

4.2 Investments Analysis

After a first look at the players operating in Italy, the analysis continues now with an overview of the investments during 2020. According to the VeMTM report, in the year marked by the pandemic there has been an important response from the Italian venture capital market, which has resisted and countered the impact of COVID-19, confirming the overall values recorded in 2019. Against a stable amount invested, a significantly higher number of deals were executed exceeding the threshold of 200 for the first time. This year, in particular, shows several new operations in the seed, startup and later stage recording an increase of 65% compared to the 121 operations in 2019 continuing the growth path started in 2018, after the setback of 2017.

These results are essentially the outcome of a two-speed performance of the market, with the first part of the year slowed down by the outbreak of the pandemic and the second half characterized by a marked acceleration. The combination of the activities carried out by some important public player and domestic private operators in the different forms and structures that characterize the Italian ecosystem, as well as a series of legislative measures, seem to have allowed the market to counteract the impact of COVID-19. Moreover, some operators, given the results of first rounds of capital injection characterized by particular success, have focused part of their activity on second and third rounds of financing (so-called follow-on operations) thanks to proofs of valid and significant growth able to attract new investors. This category shows a slight increase in terms of numbers, from 27 deals in 2019 to 34 in 2020, however, against a decrease in terms of total amount, going from 161 to 106 million euros. The above considerations, together with some large-scale operations, leads to the overall stable invested amount attested also this year to a value higher than 600 million euros. In detail, the contribution of first-round investments, increased from 436 to 486 million euros. In this context, it should be mentioned that the higher presence of significant rounds, based on evidence from the main European markets, is an element proofing the new phase of development into which the Italian market has entered. Going into further details, it is certainly interesting to highlight the presence of two transactions that can be classified as "Mega deals" in a context such as the Italian one: we are referring to two initial rounds worth 68 and 45 million.

Common points with respect to what happened in 2019 is the main sector of reference, Fintech, and the presence among the investors of several corporate vehicles, even as lead investors. Unlike the past, however, no relevant investments in foreign realities with Italian founders were concluded. Finally, some rounds of between 20 and 30 million euros were also made in the areas of digital, healthcare and biotech, which are, together with financial services, the main target sectors for venture capital investors in our market.

The year 2020 has shown the resilience of the Italian venture capital ecosystem to the pandemic, thanks to the thrust of initiatives of public origin flanked by the activity carried out by private operators. It is precisely the collaboration between the public and private sectors can lead the ecosystem to become enough competent for the development of innovation in the country, as happens in the European and global level. However, it is stressed that the various already operational public initiatives and those in the process of being launched alongside the current incentives, lay the foundations for a rapid development of the Italian market ready to emerge from the crisis and eager to start an economic recovery.

However, the two challenges for the future that historically characterize the domestic market cannot be forgotten. In the first instance, the size of the volumes and the number of operators, even if both these data in the last five years saw a significant increase showing a sign of an established growth trend that is now consolidated, are still limited for an economic context such as the Italian one. Therefore, setting objectives that are more ambitious is realistic and better results can be achieved precisely through an increase of operators active in the sector as well as an even more intense activity of dissemination of the financial culture linked to the contribution and the role that venture capital play in the process of origination of innovative companies. Secondly, it would be desirable to have a more intense contribution from universities and research centers. Their intervention remains historically marginal in the framework of the overall development of the sector and a lot of work still needs to be done in this direction, as both should be able to act as a driving force for research and innovation, as happens in the most virtuous contexts. In short, in order to have an economic system that is more competitive on the international scene, it is advisable for the various players involved to interact and work towards a common goal: the growth of the industrial system, to which venture capital can certainly make a significant contribution.

4.2.1 Snapshot of Italian Early Stage Market

During 2020, the VeMTM Observatory has collectively monitored an aggregate set of 330 investments, a number that is increased compared to 236 operations in 2019 and 249 in 2018. In particular, the segment related to deals made exclusively by venture capital operators (including seed investors and corporate operators investing directly or through dedicated vehicles) recorded 126 investments, up from 95 in 2019. Syndicated deals between such operators and Business Angels counts 108 (twice the 2019 figure of 53), while regarding the deals carried out solely by Business Angels recorder 96 deals (slightly higher than the 88 deals in 2019, but much less than the 147 in 2018).

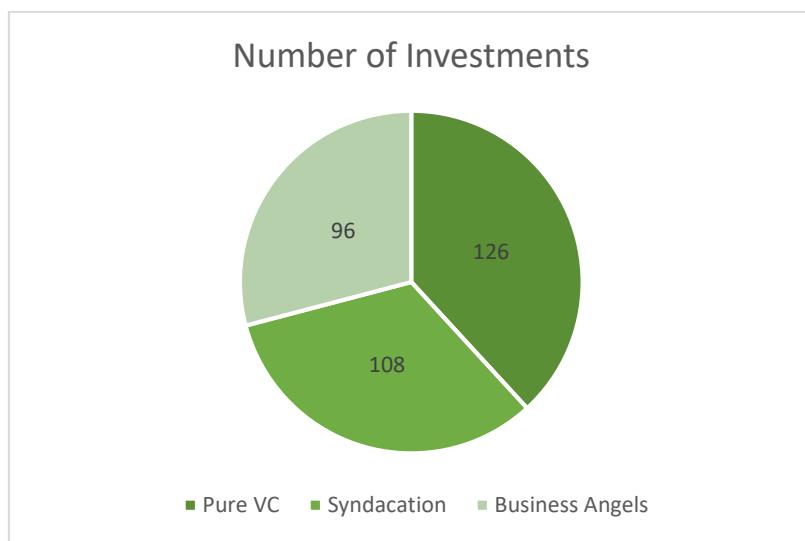


Figure 6: Breakdown of investment typologies in 2020

The amount of total investments in the early stage market stands at around €646 million, excluding the activity carried out by purely public operators. In detail, about 270 million Euros are attributable to pure venture capital investors, a decrease compared to 2019 (366 million Euro). In addition, 325 million euros are attributable to formal investors in collaboration with Business Angels, a clear increase compared to last year (230 million euros), while Business Angels operating without cooperation with funds made a total amount of investments of around 51 million euros. The overall figure is perfectly in line with the value recorded last year (649 million euros invested) and is mainly due to the syndicate activities carried out by the by venture capitalists and business angels, which offset the decrease recorded in the activity carried out only by formal operators. As anticipated, the contribution of informal investors only remains stable with respect to the previous year (about 53 million euros in 2019).

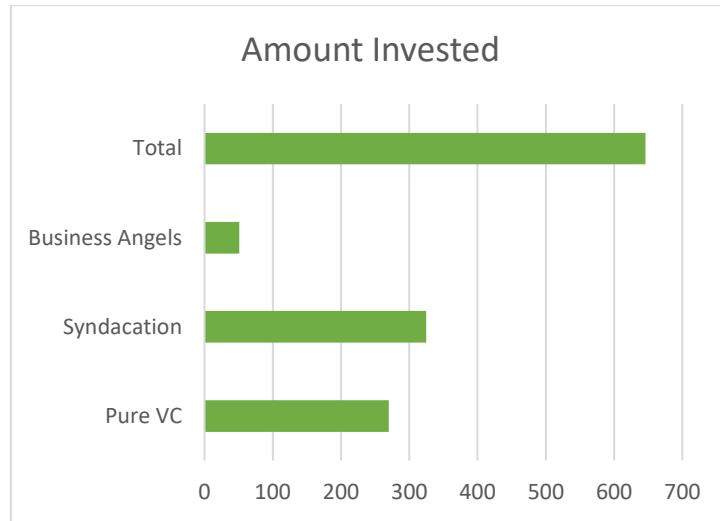


Figure 7: Total amount invested in 2020

4.2.2 Operators and Market

Considering the different kind of operators within the market of seed capital, startup and later stage operations, it is possible to identify the presence of heterogeneous players. Those are: informal investors (Business Angels, individuals who invest in a personal capacity), investing private operators that operate through a structured corporate form, seed capital funds, "pure" venture capital funds, which focus their activities on startup and later stage deals. They are characterized by a size of the fund and an average size of the deals that are significantly higher than those of the other categories of active operators are. The graph below shows the weight of venture capital operators on the total, which, given the intense cooperation with other players in the 2020 market, is decreasing compared to previous years as monitored by AIFI researches (VeM 2020).

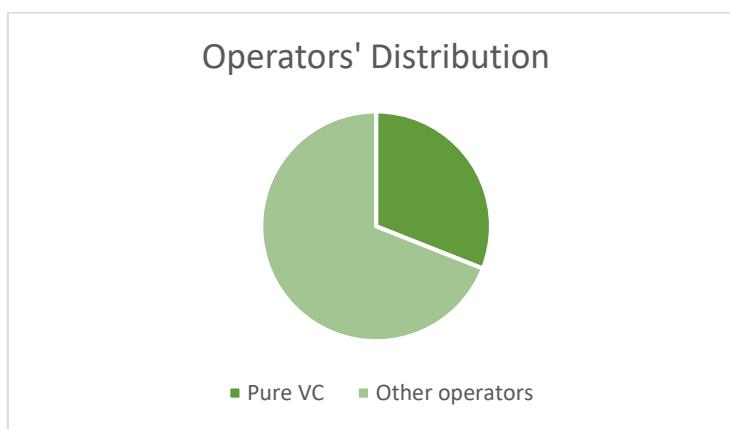


Figure 8: Percentage of pure Venture Capital Operators in 2020

During 2020, 200 new deals were concluded, with an increase of 65% over 2019, consolidating the growth trend started in previous years, which had been interrupted in 2017, and setting a record new value for the Italian market. The number of active investors (both Lead and Co-Investor) stands at 173 (to which must be added the category of Business Angels/private investors), showing an increase (+33%) compared to 2019. The deals on the other hand, account for the closing of 392 individual investments versus 211 in 2019 (for each deal / round, several individual investments can be counted, representing the contribution of the individual investor to each deal / round). Investors, therefore, made an average of 2.3 individual investments each, an indicator that grew up from the previous year, which accounts to 1.6.

Analyzing the degree of market concentration, again excluding the category of Business Angels active as individuals who invest on a personal basis, it emerges how the top 5 operators accounted for 31% of activity, while last year the top 9 represented around 30%. With reference to the country of origin of the investors, foreign investors made 14% of individual investments, a data that is decreasing compared to previous years (35% in 2019 and 30% in 2018), suggesting that the interest in the Italian market is lower during the emergency period. Risk management on the other side changed its usual shape and almost 50% of the transactions, in fact, were carried out in syndication, giving the investors the possibility to lower the total risk on their shoulders. Business Angels/private investors (also through Equity Crowdfunding platforms) have participated in a total of 91 operations (37 the previous year). This fact means that almost one operation out of two involved collaboration between formal and informal operators, a symptom of a good level of cooperation between these two categories of categories of actors, probably given by high uncertainty that characterize the market during 2020.

4.2.3 Deals Analysis

In 2020, seed capital investments are prevalent, with a market share of 56% (112 transactions). The value is more than doubled from 2019 (42) and it is five times that of 2018 (22). This evidence can be mainly explained by the significant activity carried out by new funds of public origin, by technology transfer funds, as well as by the focus of other investors on financing companies in the early stages of life. With regard to startup capital investments, in absolute terms the value is slightly increasing compared to 2019, from 62 to 68 operations, while at a relative level it is in decrease (from 51% to 34%) against the aforementioned

increase in seed financing deals. The contribution in terms of later stage venture deals, on the other hand, remained in line with what was recorded last year and amounted to 20 deals (17 in 2019), representing 10% of overall transactions (14% in 2019). However, it should be noted that these operations aimed at the support of new development phases of portfolio companies represented more than half of the amount of initial investments.

A survey on the average amount invested shows a mean of 2.7 million euros, a decrease compared to approximately 4.5 million in 2019. This figure reflects the prevalence of operations of seed capital, which are characterized by limited amounts. In terms of the share acquired, it continues the consolidation of the aptitude of the funds to realize minority shareholdings.

Shifting our focus on the deal origination, as early as 2019 investors could hear the concept of the "Proof-of-concept (POC) Challenge", an investment category dedicated to the financing of projects and ideas that have not yet been incorporated into companies. This happened mainly because of pre-seed investments made by technology transfer funds, which weighed in at 5% (6% in 2019). Such funds, along with other investors focused on financing the very early stages of the life of innovation, have also dedicated their activities to the support of academic and research spin-offs that increased from 17 to 23 (they were 9 in 2018), accounting a weight on the total of 11% (14% in 2019). Privately owned entrepreneurial initiatives still represent the majority of the market (163) and account for 82% of the total (93 in 2019, or 77%). There are also 4 corporate spin-off deals reported, same value as last year and numbers are summarized in the chart below.

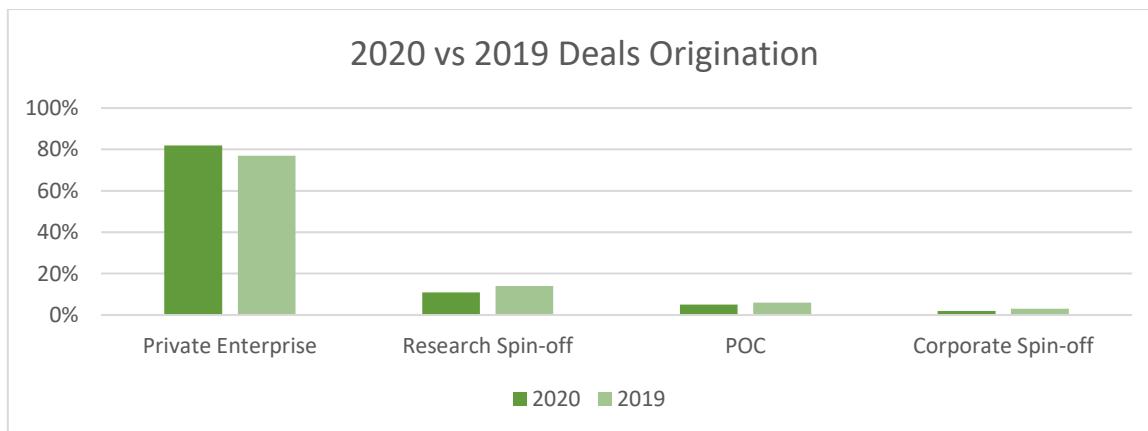


Figure 9: 2019 vs 2020: Deal Origination Breakdown

The geographical location of the targets in 2020 denotes, as historically occurs, a prevalence of Lombardy with 42% of the entire market (37% in 2019), followed by Lazio (11%) and Campania (9%). Investments in the Northern Italy accounted for 63% of the total, slightly decreasing compared to last year (67%). Venture capital activity in Southern Italy, on the other hand, records a further increase, already highlighted in 2019, rising from 10% to 19% (it was 6% in 2018), thanks mainly to the public fund specifically dedicated to this area. Central Italy, in contrast to what seen last year, grows and stands at 15% (10% in 2019).

Some specific data deserve a focus and further comments. The majority of deals take place in only two regions, Lombardy (83 investments compared to 45 deals in 2019), which confirms its role as a pole of attraction, and Lazio (22 investments vs. 8 deals in 2019), which alone attract more than 50% of the deals. Another interesting fact concerns the significant increase that characterized the Campania region, which records 17 companies subject to investments compared to only 4 in the previous year. Lastly, we would like to highlight the increase in Liguria, where 9 investments were mapped versus none in 2019. Slightly decreasing in 2020 on the other hand the phenomenon that sees the targets having Italian origin but based abroad, with 6 companies (16 in 2019 and 10 in 2018). In particular, there are 4 in the United Kingdom, 1 in Germany and 1 in Ireland.

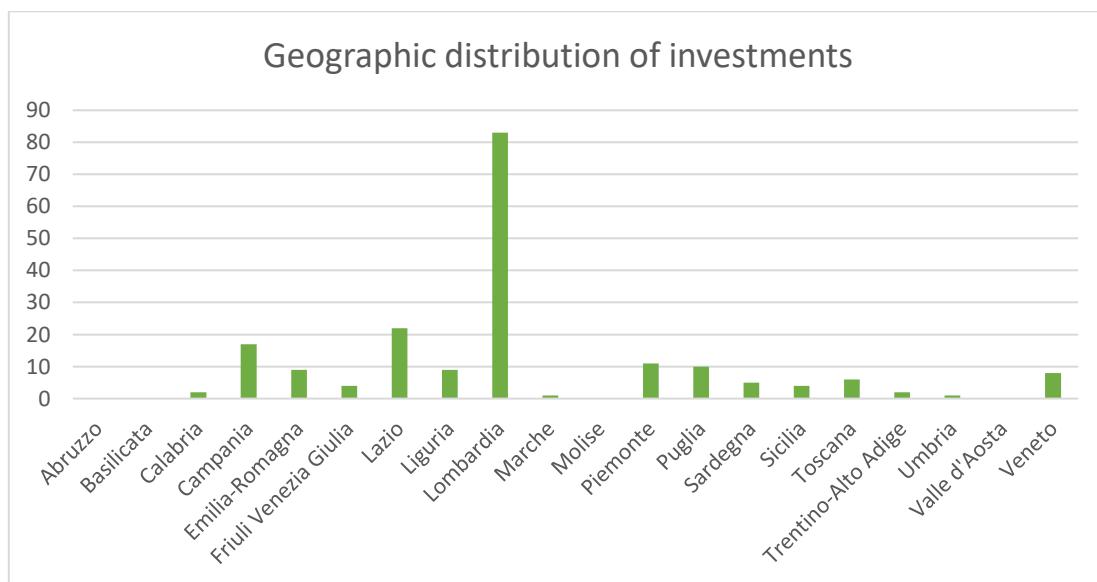


Figure 10: Geographic distribution of deals in 2020

4.2.4 Target companies

Now that we observed the geographical distribution of deals and the different operators, we can analyze from a sectoral point of view. ICT has largely attracted the interest of venture capitalists, reaching 46%, a slight increase compared to previous years. The values of 2019 and 2018, in fact, stood at 44% and 37% respectively. In detail, within the ICT sector, are prevailing technologies serving businesses rather than platforms that provide consumer services. Besides the interest in the ICT sector, Fintech and the Life Sciences sectors, which have historically attracted a great attention, are assuming increasing importance and confirm their prevalence in interests of venture capital funds. In detail, in line with what has just been stated, financial services are confirmed as the second sector of interest, with 12% (15% in 2019), followed by Healthcare, with 10% (12%), and by Biotech, which confirms with 6% of the previous year. Part of this interest might be attributable to the healthcare crisis happening in early 2020, anticipating a future incoming demand of several health-related products and even the need for innovation capable of ensuring social-distancing measures or post-pandemic diseases treatments implementation. However, as mentioned before life sciences and biotechnologies are historically attracting interest of venture capitalists, mainly given by disruptive opportunities, so it is difficult to give all the credit of this slight increase to the pandemic breakout. This thesis will be indeed further studied through interviews conducted with sector professionals and results are reported in the next chapter.

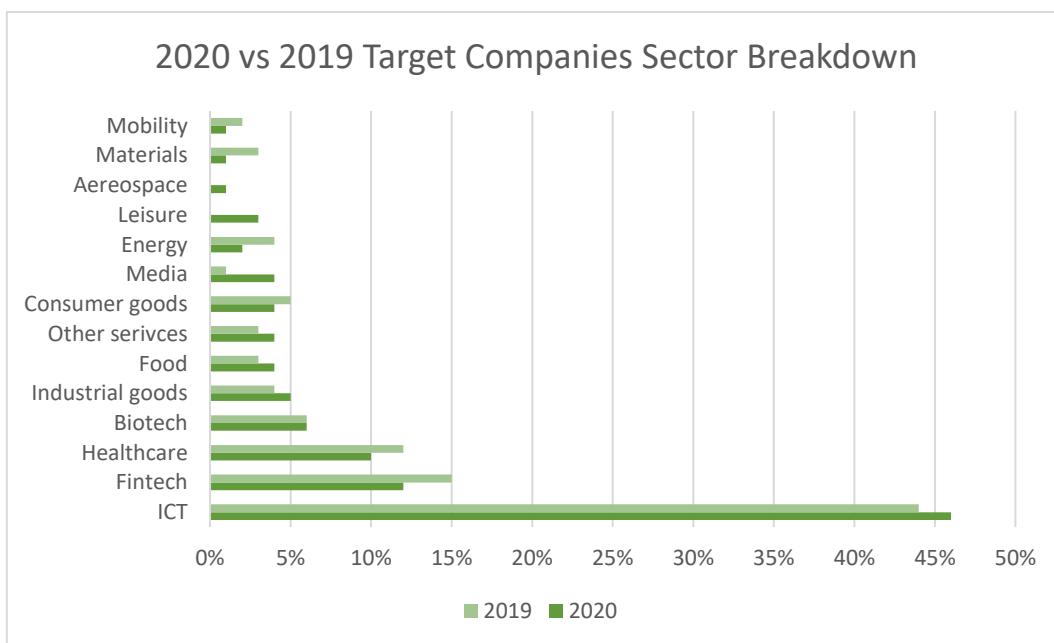


Figure 11: 2019 vs 2020: Sectorial Distribution of target companies

4.3 Follow on Investments

In order to provide a more complete representation of the market, the author decided to introduce a brief analysis dedicated to the *follow on*, that is, the financing rounds subsequent to the first one granted by operators to companies in which they already have a stake. The data show 34 funding rounds after the first, for a total of 106 million Euros. In terms of numbers, the indicator increased compared to 2019 (27 rounds), while the amount decreased by 34%, returning to the level of 2018 (about 98 million Euros). Again, the higher number of single *follow on* investments of smaller amounts suggest risk-adverse behavior of investors, probably willing to diversify targets following the crisis.

This indicator, combined with the other deals previously mentioned, leads to 234 total operations and a global invested amount of about 600 million Euros, practically equalizing the overall 2019 landscape. This evidence shows that the market has withstood the negative impact of the COVID-19 emergency, confirming the total value of investments reached last year but showing an increase in terms of amount of deals, probably given by the investor's desire of diversification. Regardless of risk-related hypothesis, these aspects, together with the current new public initiatives and those to be launched in 2021, leave space to the hope that the Italian market has only temporarily slowed its race towards a size comparable to that of the main European countries.

	2020	2019	
Deals (follow on included)	148	234	
Deals Initial	121	200	
Deals follow on	27	34	
invested amount	597 mln	595 mln	
invested amount initial	436 mln	489 mln	
invested amount follow on	161 mln	106 mln	
average invested	4,8 mln	2,8 mln	

Figure 12: 2019 - 2020 Overall Comparison

5 CHAPTER 5: INTERVIEWS

After the analysis of Italian VC funds' characteristics and their activities during 2020, the research required further studies. Since a complete *track-record* of investment and deals made during the crisis breakout was not available at the time this paper was written, there was the need to inquire deeper about the impact of the crisis on VC fund's strategies without having lot of empirical data in hands. In order to gather more qualitative information as additional research method, we opted for interviews addressed to professional individual with a considerable experience in investment funds and the world of Venture Capital. The rationale behind the choice of this research method lies in the high variability of the market and its uncertainty during 2020 as well as the scarce availability empirical or quantitative data.

The ideal target for the interview were identified as portfolio managers, investment managers, partners or also founders of VC funds. A list of contact was initially developed starting from the contacts available from the AIFI database, then the set of professional has been extended through further research on websites, social networks and other platforms. The census of professional individual reached almost 180 potential targets and at the end, the author conclude 18 interviews, receiving a response rate of about 10%.

Thanks to the experienced professional, this study could better understand the direction taken from the strategy of VC funds and their management. However, before going deeper in the results, we should highlight some issues that might affect and influence the message intended to the reader:

- **Number of interviews:** As mentioned in the previous chapters, VC funds have been defined as those characterized with an investment focus in *Early Stages* or *Expansion stages* under the AIFI description. The total number of funds meeting these requirements were 44. If we consider the 18 professional individuals interviewed (belonging to 16 different investment companies), the ratio of responses seems to be quite decent to represent the entire population of funds with their common traits and strategies. Nevertheless, assuming this pool of responses as a perfect representation would be wrong for two reasons. Firstly, despite it is true that some funds invest in *Early/Expansion Stages*, they do not define themselves as pure Venture Capital funds and some differences in the

strategies are possible indeed. Secondly, in order to cover as much VC companies as possible, individual targets have been chosen from different funds and, of course, one individual per fund may not enough to summarize the entire strategy of the organization.

- **Quality of answers:** Questions and answer taken in the form of an interview are, of course, qualitative and characterized by a low level of details. Differently from what happens from questionnaires or surveys, also the redundancy of collected information change. If on one side the information gathered through a voice interview are less precise or technical, on the other side it gives the possibility to catch from the interlocutor what is most important in his opinion, widening and elaborating the main topics treated in the questions as well as hearing genuine opinions and prioritized topics from experienced professionals.
- **Precision of predictions:** During interviews, the primary objective was to understand the impact of the healthcare crisis on VC investments during 2020 as well as how funds changed their own strategy while addressing the virus spreading. Part of the questions indeed were intended to extrapolate what are the future expectations about the industry and the funds' reaction. As mentioned before, an average of one person per fund is not sufficient to fully describe their own strategy neither it is possible for the future of the entire industry.

That said, this text does not want to predict precisely what will be the future of VC investments nor how the fund will behave after the end of the crisis. Rather the scope is to collect and aggregate opinions from experienced professional in order to anticipate part of the consequences coming from the pandemic breakout in terms of high-level strategical decisions.

Below the list of funds that contributed to the research:

FUND NAME	WEBSITE
Avanzi Etica Sicaf EuVECA	http://www.aimpact.org
AVM Gestioni Sgr	http://www.avmgestioni.com
CDP Venture Capital SGR	http://www.cdpventurecapital.it
Claris Ventures Sgr	http://www.clarisventures.com
Consilium SGR	http://www.consiliumsgr.com
Equiter - Investimenti per il Territorio	http://www.equiterspa.com
EUREKA! Venture Sgr	http://www.eurekaventure.it
Friulia	http://www.friulia.it
FSI	http://www.fondofsi.it
FVS SGR	http://www.fvssgr.it
Indaco Venture Partners Sgr	http://www.indacosgr.com
Innovative-RFK	http://www.innovative-rfk.it
Mandarin Advisory	http://www.mandarincp.com
Star Capital SGR	http://www.starcapital.it
TIM Ventures	http://www.timventures.tim.it/en
Value Italy Sgr	http://www.valueitalysgr.it

Table 7: List of VC firms involved in the interviews

Now that context and premises have been covered entirely, this chapter will continue by defining briefly the scope of the interviews and will continue describing the structure of the questions developed.

5.1 Scope of the research

In Chapter 4 the author analyzed the main characteristics of VC funds during the last year as well as several investments peculiarities narrowing when possible the focus on the healthcare sector. The objective of this text is to study how investment strategies have changed along the crisis breakout; on the other hand, it is well known that any kind of strategy is founded also on qualitative aspects, those that cannot be understood by simply reading numbers. Indeed, further studies are necessary other than those from the previous chapter. Moreover, a complete set of information about investments' results in 2020 is not available yet and evaluating the effectiveness of funds' strategies in the following years is impossible. Therefore, the best option to deepen the study and predict trends is a qualitative-information gathering through a dialog with experienced professionals.

5.1.1 Strategy Variables

The first step for a proper deepening is to define the strategy components in order to find, before the interviews, what are the qualitative variables under investigation. When talking about strategy factors, generally we can observe:

- **Objective:** Each strategy has an objective and the final goal of the fund is, of course, the economic profit. Sometimes this is not the only parameter that counts and we can observe other drivers such as national market development or the creation of social and environmental impact. It is very unlikely that a fund would change its primary objective as a reaction to the pandemic breakout, but it is good practice to understand and define it anyway.
- **Geography:** An important characteristic of the strategy is its geographical focus. Despite this information might result irrelevant for our research since geographical focus is hard to modify, it might be interesting to understand if the Italian crisis and reaction to virus spreading would push investors to look for opportunities outside the country or on the contrary, if foreign funds have an interest in the Italian country. The author does not expect radical changes in this variable, but it remains under observation during interviews.
- **Time Horizon:** Time horizon of investment decisions is crucial. The author expect to see some differences in this variable since the consequences coming from the pandemic slowed down several markets. Some funds might have stopped temporarily their operations or, on the other hand, might have concluded more deals since some industries might have benefited from the crisis and their business might be more successful than in normal periods. It is not clear also if investment firms rushed their decisions-making and divested quickly companies in order to avoid losses or kept them because of the unavailability of potential buyers, waiting for more stable periods. Because of these possible scenarios, the time horizon variable was under careful observation during interviews.
- **Maturity of target:** *Venture Capitalists* target young companies, but monitoring the interest of investors towards unusual later phases of life of target companies during the pandemic might lead to interesting result. The hypothesis about a possible shift in this variable may rise when thinking about the will of hedging the risk coming from market uncertainty. Slightly more mature companies may have better capabilities for facing stressful periods and investors, aware of that, may adapt their strategy indeed by preferring companies requiring late funding rounds such as *Round B investments*. Because of these reasons, the research will monitor the maturity of target companies subject to possible incoming investments.

- **Market of target:** Probably the most interesting aspect of a Venture Capital fund's strategy consist in the preferences related to target companies and their markets. Some VC firms do convey their effort towards a certain industry²⁵, with the scope of acquiring competencies, develop synergies networks and leverage their expertise to spot the most promising companies and eventually improve management of portfolio companies. On the other hand, some investment firms prefer not to focus on a single niche and are open to invest into several different industries. Between all the variables, the market of targets might be the most affected. The crisis caused several industries to slow down or to stop totally, while others could take advantage of shop closing or the spiking demand of certain products. An important part of the interviews will be indeed dedicated to the possible shifts in the variable of targets' market and we expect to detect a rising interest in some peculiar segments²⁶.
- **Exit decisions:** Disinvestment options are components of the fund strategy but similarly to the geographical preferences, it is unlikely that the healthcare crisis affected this level of decision-making. It is indeed difficult to find a cause-effect relationship between the pandemic breakout and the preferences of going public rather than, for instance, selling to other institutional investors. However, during the interviews this dimension have been taken into account in order to eventually detect any correlation.

It is also important to specify that companies' **evaluation criteria** have not been included in the variables under investigation. The decision does not mean that the author expect any changes, but simply we assume no introduction of new criteria influencing evaluation of target companies. Surely, some changes in the method happened, probably some factors now have higher weights than others do, but at the end the pandemic could not lead to a complete upheaval of evaluation methodologies. Investigate also about those criteria used inside VC

²⁵ Some VC funds decide to invest in a single niche of the market. Usually markets of reference are those requiring high knowledge of products and competencies such as Healthcare, Energy, Media entertainment or Gaming. To cite an example, *Claris Ventures* focus exclusively Life Sciences and Biotech companies.

²⁶ Among the possible hypothesis and given the sanitary crisis, crowding of hospitals and future demand peaks of drugs and medical equipment, the author expect to detect an increase of future interest towards, for example, Healthcare related companies. Clearly, also related businesses such as digital oriented solution for management of Hospitals or Research centers may be subject to higher interests from 2020.

funds indeed would have brought an excessive level of technical detail which could not be studied through a live dialog with professionals in the form of an interview.

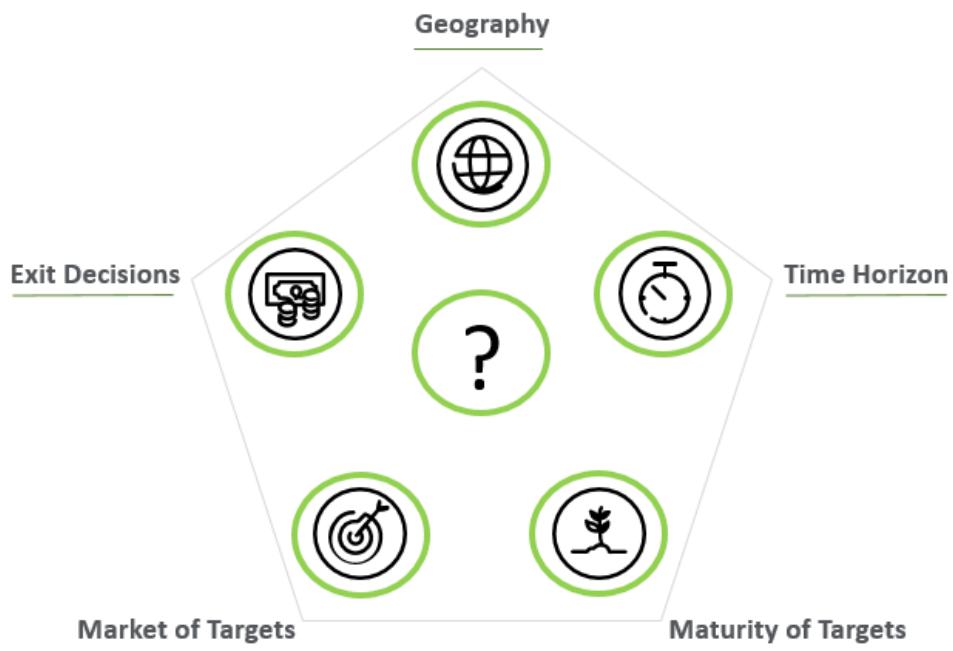


Figure 13: Strategy Variables

5.1.2 Strategy Dimensions

The framework above helped in defining the main strategy's variables under investigation when conducting interviews with professionals but assuming the set of information complete would be wrong. As written in the Chapter 3, COVID-19 crisis affected several aspect of the society, among the influences we can mention, first of all, lockdowns and social distancing measures forcing people to stay at home and adapt their habits through online work, web meetings, e-commerce shopping and food delivery. Governments' spending changed its priorities; production of traditional goods slowed down; demand for health equipment grew up; travels industry stopped for several months. These are only few issues when listing the consequences of the pandemic and it is clear how an enormous situation of market uncertainty characterized companies' operating environment, and financial services and capital industries are not an exception. In order to catch indeed the whole influence of the crisis, the author included some other aspects in the analysis, here named *Strategy Dimensions*, which have a close relationship to the strategical decisions of the VC fund:

- I. **Fund-raising:** The ability to find amounts of capital for equity investments depends highly on market conditions. The pandemic created a huge amount of uncertainty due to the sudden stop of traditional businesses, fear of imminent crisis and several other related reasons. Therefore, the hypothesis that private investors became more risk-adverse is quite likely and comprehensible. On the other hand, public institutional investor are likely to set up capitals in order to face the crisis and invest into concrete solutions in the short term. Finally yet importantly, we can also suppose further tentative of speculative actions from eager investors willing to catch any sort of opportunities and realize profit. Therefore, it is not clear whether the overall amount of VC investment is going to grow or decrease and if, consequently, fund raising would be actually more difficult. Naturally, if capital landing is harder, the investments' decisions would be indeed affected by this impact; an investor might give more attention in targets' evaluation and probably would shift its investment strategy towards safer asset class. Because of that, the easiness of rising capitals for VC funds should be another variable considered for the scope of the research when interviewing professionals.
- II. **Investment decisions:** The other side of fund raising is, naturally, capital investments and this is the most important dimension to consider when studying the possible shifts in investment firms' plans. This aspect wants to amplify what has been previously defined as "Market of target" when describing the investment strategy's qualitative components in the former paragraph. As already mentioned, the crisis affected the whole market, some segments benefited from the situation while others risked total collapsing. This paper wants to go beyond the simple investments orientation and study the behavior of investors, both in terms of industry preferences and volume of funding. Furthermore, in this way is possible to investigate about the effective obstacles faced by VC firms in 2020 respect to normal periods. The hypothesis that the overall investments in Italy decreased in terms of quantity of deals and their dimension is quite reliable due to the crisis and the macroeconomic environment, but the fact is definitely not obvious and professionals might give some unexpected insights about it when interviewed.
- III. **Daily operations:** Social distancing policies forced several offices to close down and move their daily operations fully online. This aspect is quite important because social

interaction is a fundamental feature of VC practices. The possibility to meet the team of target companies and asses their capabilities face-to-face is crucial in the screening stage of target companies. In addition, investors' relations is a function that require a form of dialog that might be hindered if conducted entirely online. The pandemic affected heavily daily operations without any doubt and part of the research will investigate the effect of this change in professionals' habits in order to grasp possible alteration in strategies. The author does not expect to find big differences; technology nowadays is able to fill easily distance-gaps through user-friendly tools and software. However, being aware of this factor when interviewing could bring some interesting and unexpected insights.

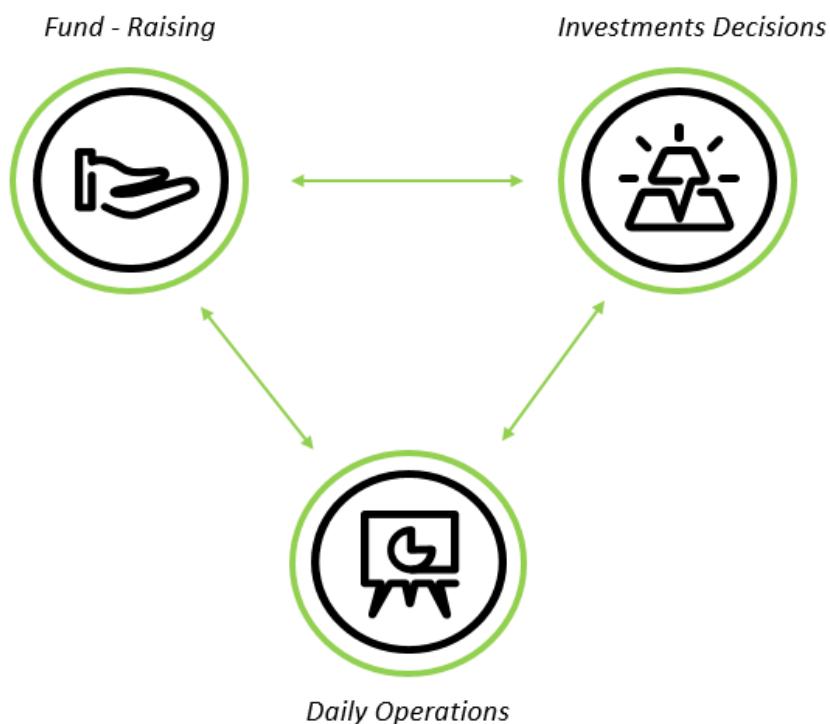


Figure 14: Investment Dimensions

5.1.3 VC Possible Behaviors

Given the different dimension described above, we have now identified several components that are under investigation when conducting interviews. In addition, for the sake of clarity we can now define the so-called *research thesis* that is going to integrate what was already analyzed in Chapter 4 and will help to guide the dialog with professionals. After considering the above-mentioned aspects, three separate hypothesis about the investment firms' reaction

could be reliable. Specifically, the author supposed the following macro-strategy as possible VC firms' reactions to the crisis:

- 1. Defensive reaction:** The first hypothesis is about an extreme reaction of defensive nature in which the VC firm wants to slow down or even stop operations for several months. Additional defensive measures may include also quick divestment²⁷ of risky companies that are particularly sensitive to the pandemic effects. The overall scope would be to gain some time in order to hedge the huge uncertainty that characterize this period affected by the pandemic breakout and its consequences on the market, eventually reorganizing plans and future actions. With this strategy, the firm could remand deal closures and avoid bad investments decisions as well as sudden market movements or unexpected consumers' behaviors and has the possibility to wait for a safer periods where it would operate again with its original strategy. This kind of reaction might be even more realistic if we consider the difficulties created by social distancing norms. As mentioned before, the activities of fund raising, evaluating management teams and developing investors' relations are harder than before. In addition, in some cases, a change in the fund strategy is not even possible²⁸ and adapting may be out of the question indeed. Given this possibility, we expect some funds behaving this way, specifically the ones with smaller dimensions and lower risk-tolerance.
- 2. Neutral reaction:** The second hypothesis is about a passive-like reaction that does not want to change firm's strategy or wants to minimize the macroeconomic impact on its business. This second option indeed implies keeping the same strategy without major shifts in plans and the business itself. This scenario assumes that the impact from the pandemic breakout is relevant only in the short-term; otherwise, funds will likely react differently. The definition of how to raise funds, how to operate and which market segment they want to target is something that has several studies behind and that cannot be easily modified without a new, unexpected long-term perspective. Some

²⁷ Sudden divestments are clearly impossible, the author refers to impending exit events that the fund may purposely anticipate in order to minimize risk. This scenario however requires uncommon and specific conditions, so the *defensiveness* of the first reaction consist mainly in the preventive stop of fund's activities.

²⁸ Changing an investment strategy may be impossible at times. The firm could find itself with a certain network of partners, advisors and managers with specific capabilities, the firm could be bonded by contracts with current capital providers or simply previous strategical or portfolio decisions could prevent any form of radical change.

markets, specifically the healthcare sector, require high competencies that must be gathered in the early stages; definition of proper target multiples requires a lot of research and benchmarks and the structuring of the fund itself is something that implies the design of several strategic dimensions. Despite this reaction might seem quite unrealistic, the author does not want to exclude the possibility that the healthcare crisis is not really affecting investor's decisions in the long term or, at least, a big part of the variables under consideration. On the other side, another hypothesis may find the reasons of this reaction behind the fact that some fund's investment strategies may be particularly solid and prepared for macro-economic shocks but again, these would be rare and unexpected cases.

3. **Aggressive reaction:** The last hypothesis describe an opportunistic behavior of investors that prefer to change the original strategy of the firm in order to spot better opportunities given by the macroeconomic environment affected by the virus spreading. We already mentioned how the healthcare crisis changed the world, specifically in terms of market and technologies trends as well as workforce habits and a realistic hypothesis might consist in investors adapting their decision-making criteria to this new paradigm. The main aggressive behavior might be imagined as a strong interest in new, complementary markets that will benefit from the current crisis and have room for further innovation and development. VC investors may be more willing to consider investments in such industries that eventually they did not consider before, changing indeed their original scope of investments at the cost of upsetting their current plan of actions. The option seems to be the quite reliable at first glance, but modifying an investment strategy is not trivial at all; fund structuring has a long term perspective and stating that a real shift in strategic plans exists may be wrong if virus' long-term consequences are going to be weaker than expected. In addition, we already mentioned how some industries require high level of expertise and it might be impossible for some funds to find the right advisors and focus on certain companies without an appropriate level of knowledge about their products or services. Furthermore, if we consider the risk appetite of the funds, the whole hypothesis seems a bit weaker. Adapting quickly and focus towards new targets might give great profit opportunities but, on the other hand, some optimistic feelings about certain sectors may come from a temporary hype and firm's great performance could not last a long

time in the future. VC investments are risky by their nature and if we think about this “aggressive reaction” under all its aspects, it is clear how adapting strategies brings further risk and it might be an unwanted peculiarity for some, if not all, the investors.

The reliability of these reactions is going to be verified indeed in the interviews through questions that will be described later in this text. Thanks to the considerations above mentioned, the author could develop a proper *Research Thesis* in order to guide interviews and narrow the focus of the paper around main key points. The research wants to understand where the shift in investment strategies is positioned between the three possible reactions previously described and catch the main influences caused by the pandemic breakout inside VC firms. In addition, the results would be supported through the analysis of what previously have been defined as *investments variables* (objective, geography, time horizon, etc...) and *investments dimensions* (fund-raising, daily operations and investment interest).

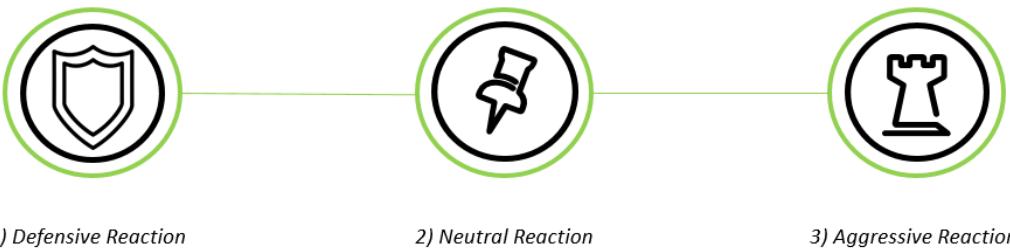


Figure 15: Possible Funds Reactions

So far indeed, we defined those variables, which compose part of an investment firm identity, and that can be qualitatively analyzed through an interview; later we extended the study by deepen the three dimension of *fundraising*, *investments interest* and *daily operations* in order to cover all the aspects that might characterize or influence the investment strategy of a VC fund. Thanks to all these factors taken in consideration, the author could develop the main *research question* explained in the previous paragraph but in order to have a complete view of the impact, we are missing one last factor: *future expectations*. When valuing an asset, investment funds include in their evaluation method any factor summarizing their view about the future and, considering the scope of this study, ignoring the extrapolation of their thought about the future of industries and markets would lead to wrong results. When formulating interviews questions indeed, it might be interesting to understand if any shift in funds'

strategy would last in the long term, rather than being a momentary adjustment for facing uncertainty or temporary market trends. In the light of the above, it is clear that insights related to the longevity of pandemic's impacts deserve some space and related questions will be properly developed, as described in the next section.

5.2 Interviews development

After the definition of interviews' objectives, the following step consist in the development of the questions aimed to reach those goals. As mentioned in the previous section of this chapter, this text wants to study a possible shift in VC funds' strategies as reaction to the pandemic breakout started in Italy during February 2020, specifically focusing on the Healthcare sector. In order to guide the interviews towards this topic and avoid the danger of falling behind the scope of the research, the author opted for the development of a *structured interview*²⁹.

Since the questions concern both the funds strategies as well as peculiarities of VC investments in healthcare sector *before* and *after* the pandemic breakout, the questions were clustered into five different macro-segments:

- **Definition of the Strategy:** The first cluster of questions wants to better define the funds' strategy in order to understand the reasons behind decision-making before the crisis as well as to highlight which aspect may be affected the most when asking about the pandemic influence.
- **Insights about Healthcare sector:** This brief cluster of questions wants to assess the suitability of the industry to VC investments in the opinion of the interviewee. The scope is to understand both the expertise of the professional and "standard" state of the sector untouched by the crisis.
- **Possible shift in strategy:** The last two clusters are the core of the interview. This group of questions wants to find what are the major changes within the high-level strategy as well as what the crisis affected the most within the fund.

²⁹ The structured interview include a fixed and ordered set of open questions that are submitted to all the interviewees in the same formulation and in the same sequence; the interviewee is then left free to answer as he prefers.

- **Possible change in Healthcare sector trends:** As the previous cluster of questions, this set has the purpose of discovering the main trend shifts inside the sector caused by the pandemic breakout.
- **Future expectations:** The last set of questions wants to identify professional's thoughts about the future of the industry and related VC investments as well as the longevity of the pandemic consequences.

These five clusters provided help for further questions development, guiding the interviews' topics and organizing results or findings. The reader should be aware that, behind the standardized questions within each cluster, the author noted some other *side-questions* to ask the interlocutor in case she was willing to deepen any subject or speak more than expected. Below the list of questions asked to interviewees, the green color represent the standard questions, while *side-questions* are blank.

Definition of the Strategy: The first set of questions have always the objectives to define better the fund's strategies mainly in terms geography, time horizon of investments, exit options, target companies. Through a better definition of these factors, the interviewer could identify what are their objectives and identity independently from the pandemic breakout.

Cluster: Investment strategy of the funds

How would you define the firm investment strategy ?
Do you have specific returns requirements when targeting companies? Does it highly depends by cases? Do you have other secondary objectives other than returns?
What geography do you use to target the most? Is it a decisive factor when choosing target investments? What about Italy vs other countries?
Usually does the fund have cross-border focus for capital investments? Is it a decisive factor when choosing target investments?
Usually, do you have a preferred time horizon for disinvestment decisions?
Usually do you target companies at a specific stage of their lifecycle? How can you define if the stage is proper for the investment decision? Is it a decisive factor?
Usually, which exit strategy is preferred? Trade sales or IPO? Does it depends always by the single company and how it is performing?

Insights about Healthcare sector: This set of questions wants to shift the focus of the dialog towards the interested sector. The interviewer's scope is to gain some insights about how was the sector before the pandemic breakout. These initial phases of the interview indeed want to depict the situation before early 2020 and understand clearly the planned structure and capabilities of the fund.

Cluster: Healthcare Industry

Does the fund have a strong focus on a specific healthcare segment ?
In your opinion, is the healthcare industry a good field for VC investments ? There is usually a positive tradeoff between successful innovations (thus profits) and risk?
There is any particular technology that is showing high growth potential? Why?
In your opinion, which are the trends shaping healthcare industry?
What do you think about gene-based and RNA technologies ? Is the technology too risky for VC investments?
What do you think about IoMT and wearable devices? Is the technology too developed for VC investments?
What do you think about AI application to diagnostic tools? What about its support in drug development cycle? Is the AI development too young?
What do you think about precision medicine and the possibility of a truly personalized medicine (through AI)? Is this concept going along with on-demand medicine ?
What do you think about VR and AR and their application in the industry? Can it be truly useful? Is the technology too young?
What do you think about Blockchain application in the industry? Is it going to be really useful for the storage and sharing of patient data and electronic health record?
What do you think about 5G technology? Will it be able to establish reliable connection for remote surgery, personnel training or instantaneous diagnosis?
What do you think about the use of Big Data in the industry (predictive healthcare)? Is it going to be useful for hospital staffing, production of drugs and medical devices?

Possible change in Healthcare sector trends: These questions aims at identifying how the healthcare crisis affected the industry. Interviewees could provide further insights and opinions and thanks to previous set of questions, shifts in trends and public interests were easier to spot.

Cluster: COVID impact on Healthcare industry

Do you think that the COVID crisis had an impact on the industry ? Why? How?
Do you think that some segments may be subject to higher interest in terms of public/investors opinion due to temporary increases in products/services demand?
During 2020, does the overall industry faced recession ? What about the Start-ups in the healthcare industry?
During 2020, which segment of healthcare industry benefited the most from the crisis? Which was affected negatively?
What about the current trends of the industry? Does the pandemic affect any of them? How much?
Is the health-related data management going to be a hot investment/business for the next years? People are not really caring about it?
After lockdown, are VCs interested in innovative behavioral/mental health solutions ?
After lockdown, are VCs interested in innovative telehealth solutions (virtual healthcare) ? Is it going to stick or is the technology too inefficient? Specifically in Italy?
Do you think that health-equity start-ups are going to be more acknowledged in the future? People are not really caring about it? Specifically in Italy?
What do you think about consumers' expectations after crisis breakdown? Will they demand more unconventional/advanced but affordable technologies and services?

Possible shift in strategy: The core set of questions have the purposes to identify main changes in fund's investment strategies. Again, thanks to the first set of questions, highlighting differences was simple and clear.

Cluster: COVID impact on investment strategy

Did the COVID crisis affected your investment strategy ? Did your primary objectives change? How? From screening, evaluation, investment and post investment?
Do you think that the COVID crisis affected your investments, specifically those in healthcare industry ? Why? How?
During 2020 and 2021, did you complete any investment/disinvestment operation in a healthcare company?
Due to markets uncertainty in 2020, did the average time horizon of an investment got shorter? Longer? What about healthcare specific companies?
Did the COVID crisis affected the screening activity of the fund? Do you now consider investing in companies that you never considered before? What about healthcare?
Did the COVID crisis affected the number of funding rounds deemed to companies in portfolio? Did you reconsider or postpone any planned funding round?
Given social distancing policies, do you consider the proximity of target company in order to meet the team and provide on-site support an important criterion?
After COVID outbreak, what kind of companies mainly had faced adjustment in valuation ? What about healthcare investments?
Did the COVID crisis accelerate/postpone any exit decision during 2020? Why? What about the exit instruments (convertible notes vs shares)

Future expectations: The last cluster of questions wants to anticipate future trends along with the support of experienced professionals' opinions. As mentioned before, results are not a precise forecast of the industry, but are expected to be, at least partly, correct.

Cluster: Future expectations

How do you see the imminent future of the industry ? Is the pandemic leaving a permanent sign in the mid/long term or it is too early for predictions?
Do you think that investors, after the crisis, will become more aware of the potential of this industry ?
Will the interest in medical sector grow? If yes, only in the short term?
In your opinion, will policies and regulations from governments (mainly about virus-spreading prevention) affect positively the industry?
Do you plan to adjust further investment strategies in the imminent future?
Do you plan to disinvest heavily healthcare companies towards the end of the crisis in order to exploit a period of this possible hype towards the industry?

5.3 Interviews Transcript

Below the reader can find all the interviews conducted. Because of a matter of simplicity, the author chose to cut the initial and final parts of each dialogue, which consist of presentation and greetings.

CDP Venture Capital

AUTHOR: "Che tipo di attività svolge CDP venture capital? Cosa mi sai dire a grandi linee sul fondo?"

PROFESSIONAL: "Il nostro fondo è particolare, mezzo pubblico e mezzo privato. Siamo partiti nel 2015 come fondo generalista, per fare operazioni in co-investimento con fondi di VC privati

ed il portafoglio di cui mi occupo in particolare si trova nel periodo di disinvestimento di 30 compagnie, di cui quasi la metà sono startup nel settore Health. Una società di pharma ed altri di medical devices, talvolta nel digital. L'obiettivo ora è quello di valorizzare le società e portarle all'exit per avere dei ritorni simil quelli VC privati.

AUTHOR: "Come definiresti in maniera generale la strategia del fondo? Risultano esserci state delle correttive strategiche in vista della crisi?"

PROFESSIONAL: "Dipende chiaramente dal singolo fondo. In generale la strategia viene definita dall'inizio, prima ancora del fund raising ed è difficile cambiarla in corso, nonostante tempi di crisi. I soci investitori a loro volta influenzano la scelta del tipo di investimenti. Se vuoi fare fondo dedicato al pharma, non puoi andare oltre e tradire le scelte degli investitori partner. Per quanto riguarda fondi in via di definizione, durante la crisi il governo ha fatto attenzione a chi ha bisogno: è nato infatti il fondo rilancio, la cui strategia è aiutare startup che hanno sentito l'impatto del covid sebbene le precedenti performance fossero promettenti. Questo è un fondo generico che investe in tutte le start up. La strategia in questo caso è particolare e si usano strumenti partecipativi convertibili (debito convertibile). Dal punto di vista strategico più ampio, la crisi ha attirato più interesse nel settore di healthcare; nel mercato stanno infatti nascendo nuovi fondi VC dedicati, per esempio, al biotech, nonostante siano stati storicamente considerati investimenti rischiosi vista la necessità di lunghi periodi di R&D. A livello micro, la strategia di investimento rimane stabile. Entrare nella gestione della società tramite CdA rimane un'attività principale. Da questo punto di vista, ci sono stati cambi effettivi di strategie nelle singole compagnie e nel come sono state gestite rispetto a tempi normali. In life-science non troppo, ci sono spesso clinical trials lunghi e sviluppi di tecnologia, ma non vendite o produzione. Effettivamente, ci sono stati ritardi negli sviluppi, ma non troppo impattanti. Se si parla di medical devices, digital technologies o simili invece ci sono state priorità ed influenze differenti, risultando in importanti impatti in termini di fatturato, ordini e vendite. Per gestire simili situazioni ci vuole creatività, alcune società devono cambiare modelli di business, cambiare la struttura di costi e la società in generale. La cassa rimane spesso una delle cose più importanti da tenere sotto controllo, dove ci si aspettava espansione tramite nuove assunzioni e acquisti di risorse, non vi è sempre potuta effettivamente accadere dal momento che si ha dovuto far fronte alla crisi."

AUTHOR: "In vista del periodo di disinvestimento, vi sta capitando di rivalutare termini, tempistiche e risultati di exit decisions?"

PROFESSIONAL: "Queste scelte, soprattutto nell'early stage e nelle attività di start-up investments, sono molto più vaghe rispetto alle attività di private equity ed è difficile prevedere le modalità di uscita. In PE il piano di solito è chiaro, ma in VC bisogna raggiungere obiettivi tali per cui un player sia interessato all'acquisto. Dunque se la compagnia non è matura, si deve rimandare fino al momento giusto e non ci è mai capitato di forzare uscite in tempi di crisi."

AUTHOR: "Sono d'accordo sulla questione dell'anticipare, ma riguardo al posticipare uscite a causa di paura di mercato o difficoltà operative dovute al lavoro da remoto? In particolare nel 2020?"

PROFESSIONAL: "Non vendiamo mai se la società non è pronta e soprattutto se non ci sono i giusti acquirenti; se la società va male, chiaramente si può fare write-off e liquidarla, ma capita più raramente. Talvolta, se la società sta andando bene conviene invece maturarla di più. In relazione al 2020 invece, è capitato ad un mio collega che, per un deal quasi concluso, l'acquirente abbia cambiato idea a causa di previsioni di performance ormai non più attendibili. C'è stato un effettivo impatto in alcuni casi di exit a causa dell'insicurezza nel mercato, e talvolta per chi acquista conviene aspettare e rimandare."

AUTHOR: "Dunque mi confermi che la strategia iniziale, nel periodo di investimento (ormai passato) sia stata seguita con totale fedeltà, mentre nel periodo recente di disinvestimento si sono effettivamente verificati ritardi nelle attività di exit dovuti all'incertezza che recentemente caratterizza i mercati?"

PROFESSIONAL: "Si esatto."

AUTHOR: "Una domanda più puntuale. La reazione di CDP in vista degli eventi dell'ultimo anno e mezzo la definiresti neutrale, difensiva o più propensa verso il rischio?"

PROFESSIONAL: "Questo di solito dipende dal gestore del fondo. Considerando la natura del nostro fondo, essa è conservativa; l'obiettivo è avere ritorni con meno rischio possibile e dunque non considererei la nostra reazione come propensa al rischio, ma più orientata su investimenti caratterizzati da livelli di sicurezza accettabili, come consuetudine. In realtà

questo sentimento di avversione al rischio in Europa è molto comune, a differenza della cultura USA che ama di più il rischio, soprattutto in tempi di crisi.”

AUTHOR: “Se invece ti chiedessi di commentare la situazione del mercato di healthcare e life-sciences nell’ambito VC. Vedi qualche tipo di tecnologia che emerge rispetto alle altre? Qualcuna che recentemente ha riscontrato successo a causa della pandemia?”

PROFESSIONAL: “I trend che esistono negli ultimi 3-5 anni a livello mondiale sono comuni: precision medicine, applicazioni AI, ... continuano ad essere interessanti tecnologie in quanto ottimizzano l’operatività tagliando i costi degli utenti finali. In Italia però, questo tipo di tecnologie di impronta digital, non sono molto sviluppate e mancano in parte competenze. Quello che è molto competitivo in Italia è il settore di pharma e medical devices, anche a livello internazionale. Una statistica interessante descrive che l’Italia a livello di ricerca, pubblicazioni, brevetti e la loro qualità in Europa risulta essere al 3 posto, mentre se si parla di sviluppo di tecnologie digital risulta tra gli ultimi paesi. Dunque pharma, biotech e medtech vanno più forte del digital-health e dunque attraggono molto di più gli investitori. Nell’ultimo anno in particolare il pharma ha riscosso più attenzioni del solito, nonostante questo tipo di investimenti fossero considerati più rischiosi; stanno nascendo infatti fondi appositamente dedicati ed alcuni vengono un addirittura convertiti da fondi destinati al technology transfer, verso fondi biotech e pharma a causa di investitori governativi che vogliono un po’ virare il loro target causa pandemia. Anche investimenti relativi a tecnologie per vaccinazioni e cure post pandemia suscitano interesse e contribuiscono al cambiamento del mercato.”

AUTHOR: “Quali sono le tue aspettative riguardo il futuro? Visti gli eventi del 2020, l’impatto della pandemia sarà duraturo nel tempo o limitato al prossimo anno?”

PROFESSIONAL: “Sarà fortissimo. Dal punto di vista di scelta dei target di investimento, c’è molta più attenzione ai sistemi healthcare ed inoltre la vaccinazione imminente porterà ad altre necessità nel prossimo anno e dunque ad altre possibilità per alcune compagnie. Si deve tenere in considerazione anche la cura di malattie “post Covid”, dal momento che negli individui colpiti più duramente possono presentarsi disagi a lungo termine sebbene il virus risulti sconfitto. Credo ci sarà anche un cambio di visione dell’industria in generale. Spesso gli investimenti in healthcare sono visti con un’impronta a sfondo sociale, ma ora che si sono sottolineate le necessità, debolezze ed opportunità del sistema, l’interesse di governi ed

investitori privati nascerà in maniera più genuina nei confronti delle tecnologie relative all'industria. Questo tipo di impatto sarà senza dubbio evidente nel lungo termine”

Innogest SGR / Value Italy SGR

AUTHOR: “Come definisci a grandi linee la strategia del fondo e che tipo di attività svolge Tim Ventures? Quali sono i suoi obbiettivi principali?”

PROFESSIONAL: “Value Italy ha una storia ventennale nel PE e altre asset classes, in particolare adesso sta operando con PE e fondi crediti, rispetto a questo stiamo lavorando su un nuovo filone di investimento che è il VC, di cui mi occupo io in particolare. Per questo motivo non ci sono ancora grosse informazioni riguardo al VC dal momento che siamo in una fase di raccolta fondi e strutturazione. Quello che stiamo facendo in particolare è un fondo dedicato alle Life-Sciences, dunque biotech, medtech, diagnostica ed healthtech. In questo momento non abbiamo ancora un portafoglio diretto del fondo ma stiamo lavorando sulla pipeline e siamo in fase di set-up.”

AUTHOR: “Si sa già quando partirà il fondo?”

PROFESSIONAL: “L'obbiettivo è inizio del 2022.”

AUTHOR: “Chiaro. Che mi sai dire riguardo invece ai cambi di fattori decisionali dovuti alla pandemia?”

PROFESSIONAL: “Essendo un fondo dedicato all'healthcare per forza di cose in questo periodo beneficiamo di questa maturata attenzione post-Covid e c'è più interesse da parte degli investitori. Dal punto di vista della strategia di investimento diciamo che stiamo guardando con più attenzione il diagnostico e l'healthtech, campi che in realtà inizialmente pensavamo di sotto pesare. In realtà in questo scenario tutto quello che è la cura del paziente a distanza e porta fuori dagli ospedali i trattamenti, può essere più interessante di prima perché il mondo è ormai cambiato.”

AUTHOR: “Durante la strutturazione del fondo, sapresti dirmi quali sono le principali variabili strategiche che sono state definite ed eventualmente impattate dalla crisi sanitaria? Geografia? Orizzonti temporali?”

PROFESSIONAL: "Quel tipo di variabili sono rimaste invariate, tutto uguale a quanto abbiamo programmato. Geografia tutta uguale, stadi di sviluppo tutti uguali, ammontari tutti uguali, tecnicalità nelle due diligence tutta uguale. Nel senso, torneremo a fare site visits dal momento che fino ad ora in pandemia è stato fatto tutto in remoto e che è una necessità in questo tipo di attività. La mia risposta è che non abbiamo diminuito la velocità degli investimenti o la probabilità di farne, ma abbiamo semplicemente iniziato a fare più lavoro di due diligence da remoto."

AUTHOR: "In termini di puro investimento, si potrebbe dire che la cosa più influenzata sia stato l'interesse in aziende target? Alcuni sotto settori dunque possono essere più considerati rispetto a quanto lo fossero pre pandemia?"

PROFESSIONAL: "Corretto."

AUTHOR: "In termini di due diligence ed operatività in generale invece non sono cambiati particolarmente nonostante il lavoro da remoto?"

PROFESSIONAL: "Esatto, anche se adesso torneremo a breve a lavorare di persona, anche se l'attività non ha avuto marcati rallentamenti."

AUTHOR: "Ottimo. Ora ti chiederei un commento riguardo al settore dell'healthcare da un punto di vista svincolato rispetto a quella che è stata la crisi. Come vedi l'industria in termini di suitability del VC? Da un lato certi segmenti sono molto rischiosi come il pharma, mentre altri come il medtech sono molto più scalabili sul mercato con tempistiche brevi."

PROFESSIONAL: "Sicuramente come volumi è inferiore al digital ed al tech, ed è sempre stato così. Però si può considerare se vuoi il secondo più importante. Storicamente i due grandi settori del VC sono technology e Life Sciences, poi se vuoi ci possono essere energia, fintech, ecc. Life Sciences c'è sempre stato come secondo grande pilastro del VC. Non lo considero una nicchia, ma quasi mainstream ed in questo senso se possibile è aumentato l'interesse. Fino ad un anno e mezzo fa, nessuno sapeva cosa fosse l'RNA, ora tutti lo sanno e conoscono magari come funziona a causa del vaccino e in realtà la pandemia ha portato molta più attenzione alla salute e tutti gli ambiti relativi."

AUTHOR: "C'è anche qualche tecnologia o trend che sta suscitando interesse?"

PROFESSIONAL: "Riguardo ai trend o tecnologie recenti, storicamente si sente parlare di molte cose come IoT o AI applicate, applicazione dei big data, precision medicine, che in particolare significano farmaci e trattamenti basati sul profilo genetico del paziente e di fatto tutte le recenti medicine oncologiche sono tali, c'è da sottolineare che non è personalizzata al singolo paziente, ma per singola espressione genetica. Al momento tutte queste sono considerate già abbastanza sviluppate. Anche IoT relativo al mondo healthcare è quello che menzionavo prima, quindi delivery di terapie a casa e tutto quello che tratta con imaging, sensoristica ecc..., tutto questo è già realtà. Chiaramente per andare a regime ci vorranno 10 anni, ma non stiamo parlando di fantascienza ecco. Se consideriamo cosa più innovative, si parla di genetics (crisp) o i trattamenti utilizzanti il micro-bioma, come anche tutto il mondo della RNA medicine, la cui primavera è stata proprio con la diffusione del vaccino. Si può parlare anche della protein degradation, ma forse si andrebbe troppo nel dettaglio."

AUTHOR: "Tornerei ora a fare un passo indietro per capire meglio cosa ha influenzato questa pandemia nella strategia in corso. Non essendo ancora partito il fondo, forse non sai dirmi troppe cose a riguardo, ma prima mi hai parlato di cambi di interesse in sotto-settori, questo è dovuto a voi o dal mercato VC in generale?"

PROFESSIONAL: "Direi che tendenzialmente stiamo attenti a quello che succede attorno a noi e dal momento che gli investimenti devono seguire i trend del mercato. Quindi quelle due aree che prima avrei sotto pesato, sono diventate invece da considerare più attentamente proprio perché la pandemia ha cambiato il mondo. Esattamente come il food delivery e zoom hanno rivoluzionato i loro campi, anche nella medicina ci sarà questo evento, cioè c'è stata un'accelerazione di questi tecnologie ed un maggiore utilizzo. Quindi IoT, che per me rientra in healthtech, piuttosto che alcuni elementi della diagnostica sono diventati più interessanti perché il futuro cambia rispetto a quello che ci immaginavamo due anni fa. Gli investitori d'altro canto non sono così evoluti da valutare le singole tecnologie, però valutano sicuramente le opportunità di uscita, come dobbiamo farlo noi come operatori di un fondo. Un fondo lavora sin dall'inizio pensando alla exit e sicuramente quello che sta succedendo a livello di public market impatta anche sulle decisioni di investimento perché diciamo quello che succede sulle IPO in questo momento influenza le decisioni di investimento e iniezione di capitale."

AUTHOR: "Per lo scopo della ricerca abbiamo identificato 3 tipi di possibili reazioni. Una chiamiamola difensiva, che prevede un po' per necessità un po' per volontà uno stallo delle attività durante la pandemia; una seconda più passiva nella quale il fondo vuole ignorare la pandemia e rimanere fedele alla propria strategia iniziale; una terza opportunistica che vuole cavalcare l'onda di quelle attività e tecnologie che stanno beneficiando della crisi. Dove identifichi la vostra reazione?"

PROFESSIONAL: "Al 95% rimaniamo fedeli, diciamo che questo adattamento c'è, ma solo a livello di temi di investimento al fondo del grande disegno, non di strategia vera e propria. Il massimo che posso sottolineare è che se prima mi immaginavo un portfolio 70% biotech, 20% medtech e 10% healthtech, ora mi immagino quest'ultimo erodere la quota del medtech, mi immagino meno dispositivi impiantabili rispetto all'IoT applicato in generale. La strategia rimane sempre la stessa, ma perché ti ripeto siamo in un settore particolare che non viene impattato più di tanto. Non investiamo in cose che possono essere influenzate fortemente a differenza di altre, chi faceva investimenti nel digital ad esempio può aver visto una grande variabilità significativa nei risultati in positivo, mentre altre realtà possono aver avuto risultati opposti."

AUTHOR: "Ti faccio un'ultima domanda. Questi tipi di cambiamenti di cui abbiamo parlato, avranno un impatto futuro permanente a lungo termine o si può parlare di una reazione momentanea?"

PROFESSIONAL: "Aspettative allora, sono molto vicino all'idea che tornerà tutto come prima abbastanza a breve. Per il nostro settore di interesse addirittura c'è più attenzione di prima e quindi potenzialmente addirittura le prospettive future sono migliorate."

Eureka Ventures / Blacksheep Ventures

AUTHOR: "Iniziamo parlando del fondo, anche se ho già parlato come un tuo collega, mi piacerebbe sentire un tuo parere per eventualmente cogliere altri dettagli. In generale dunque come definisci a grandi linee la strategia del fondo e che tipo di attività svolge Blacksheep? Quali sono i suoi obiettivi principali?"

PROFESSIONAL: "Noi siamo un neo operatore. Durante la pandemia abbiamo deciso di fare un fondo e per il 90% abbiamo condotto fundraising, mentre per un 10% abbiamo svolto attività svolte alla creazione di pipeline di deal da fare. Le mie risposte partono da questo

presupposto, non abbiamo un track-record come fondo di VC. La geografia del fondo è italiana ed europea per un motivo di business, le aziende nel madtech che si occupano particolarmente di data management sono in Europa perché esiste una norma, il GDPR che ha un po' rivoluzionato il modo in cui i software gestiscono i dati dei consumatori e siccome parte prima in EU per poi diffondersi nel mondo. Dunque è anche vero che le compagnie costano meno rispetto che in USA, ma è anche importante sottolineare che il motivo della geografia nasce non solo per il pricing, ma anche per fatti di natura legislativa ed industriale. Inoltre parlando di sussidi, è un po' più vasto: l'esistenza stessa di blacksheep è in parte frutto di una politica europea ed italiana che ha aumentato le risorse a disposizione per far avviare o ripartire economia ormai schiacciata nel 2020 dalla pandemia. Attraverso la Cassa Depositi e Prestiti, la Banca Europea Investimenti ed il Fondo Europeo Investimenti hanno deciso di iniettare nell'economia reale liquidità maggiore del solito perché i meccanismi di recovery fund insieme alle politiche monetarie hanno lo scopo di rivedere il servizio sanitario nazionale ma anche dare una spinta all'economia. Le aziende meritevoli a cui sono destinate queste risorse sono scelte appunto dagli operatori come noi che hanno le competenze per allocare queste risorse nella maniera efficiente. Spesso infatti queste istituzioni infatti fanno investimenti indiretti in altri fondi, anche perché non si hanno sempre le competenze disponibili. Questi due aspetti di sussidio e geografia sono aspetti chiave per la vostra ricerca perché tra queste istituzioni mission oriented, non hanno il solo scopo economico e di sviluppo, ma vogliono anche andare a far nascere nuovi operatori che, come magari sai, nello scenario europeo sono molto limitati, insieme ai capitali di rischio che sono molto risicati.”

AUTHOR: “Ok chiaro ora che ho un’idea migliore sulle attività di Blacksheep, vorrei parlare un po’ dei settori in cui investite. Il vostro target invece riguarda invece compagnie B2B che si occupano di marketing online, avete mai avuto a che fare precedentemente con investimenti in healthcare? Cosa ne pensi del settore?”

PROFESSIONAL: “Sebbene non sia specializzato in quell’industria perché non sono un investitore verticale, ho l’impressione che il settore sia in grande crescita da 10 anni ed è forse quello che in questo momento attrae più capitali perché il numero di opportunità che si sono generate grazie alle nuove tecnologie, come le ricerche sul DNA, sono forse il comparto numero 1. È vero che è sovrainvestito ma è anche vero che apre possibilità vastissime; è anche vero che è un settore molto più rischioso di altri poiché è un settore nel quale per arrivare ad

un PoC o un prodotto da portare sul mercato si devono attraversare anni di costi e ricerche, cosa che in altre industrie non accade.”

AUTHOR: “Ora vorrei spostare il tema verso il centro della ricerca, ovvero l’impatto che ha avuto la pandemia sulle strategie di investimento del VC. Nonostante non ci sia un track record di investimenti diretti ed uscite ed il fondo sia appena nato, correggimi se sbaglio, ci interessa capire se in conseguenza alla pandemia ci siano stati dei cambiamenti nel corso della definizione della strategia del fondo. Sia in termini di raccolta fondi che scelta delle possibili società target.”

PROFESSIONAL: “Il fondo come dici tu è ancora molto giovane, in queste ore sta facendo un primo closing di circa 40 milioni su un target di 70. È un primo closing che il fondo fa per dotarsi delle risorse per i primi deal, in pipeline abbiamo infatti non solo investimenti da analizzare ma anche una serie di porte a cui bussare, sia investitori istituzionali europei che tipicamente mettono ticket in realtà come la nostra. Riguardo l’impatto della pandemia, c’è né stato uno globale e si può definire come accelerazione. Alcuni grandi investitori, avendo grande disponibilità di liquidità, hanno accelerato i processi di due diligence e in 6 mesi abbiamo raccolto 40 milioni di euro. Dal punto di vista della tesi di investimento invece, la pandemia ha chiuso tutti in casa e ha scatenato diversi processi di digitalizzazione delle imprese, dall’e-commerce all’utilizzo di applicazioni sia nei consumer che nei businesses e nel settore che guardiamo, ovvero le tecnologie che gestiscono la relazione tra marca e consumatore, le società ne sono state favorite. Imprese che vedevano crescere il loro fatturato e-commerce del 10%/20% annuo, durante il 2021 hanno visto la crescita raggiungere il 100%. Giustamente questo ha creato la necessità di gestire queste relazioni digitali, creando domanda per i servizi software che noi guardiamo.”

AUTHOR: “Alla luce di quanto è accaduto, vi è capitato di cambiare in qualche modo la strategia o l’interesse settoriale al fine di cavalcare meglio l’onda di opportunità?”

PROFESSIONAL: “No. La tesi di investimento viene prima di marzo 2020 e quindi le motivazioni e le opportunità che abbiamo visto sono rimaste le stesse, l’unico impatto che c’è stato è l’accelerazione. Il periodo di investimento del fondo che formalmente è 5 anni, oggi ci rendiamo conto che potrebbe ridursi a 3, in cui riusciremmo ad allocare le risorse che riusciremmo ad allocare in 5.”

AUTHOR: "Per lo scopo della ricerca abbiamo identificato 3 tipi di possibili reazioni. Una chiamiamola difensiva, che prevede un po' per necessità un po' per volontà uno stallo delle attività durante la pandemia; una seconda più passiva nella quale il fondo vuole ignorare la pandemia e rimanere fedele alla propria strategia iniziale; una terza opportunistica che vuole cavalcare l'onda di quelle attività e tecnologie che stanno beneficiando della crisi. Dove identifichi maggiormente la vostra reazione?"

PROFESSIONAL: "La nostra posizione è tra la seconda e la terza opzione. Rimaniamo fedeli a quello che abbiamo pensato e cavalchiamo l'effetto di accelerazione che la pandemia ha portato."

AUTHOR: "Dal punto di vista operativo, avete posto particolare meticolosità aggiuntiva nei processi di due diligence o di screening dei candidati al fine di mitigare il rischio di questi tempi?"

PROFESSIONAL: "Non abbiamo ancora concluso un vero e proprio processo di due diligences perché è troppo presto, però nelle prime operazioni ed attività precedenti si, abbiamo notato un duplice effetto influenzante. Non potersi incontrare crea un certo spessore nella relazione di fiducia tra noi e l'imprenditore con il quale devi parlare per entrare nella sua azienda ed iniettare capitale. Non potersi stringere la mano ed avere un po' di relazioni informali, toglie un po' la qualità all'attività in generale, d'altra parte però gli incontri sono stati più efficienti a causa delle schedule molto più fitte."

AUTHOR: "Ti faccio un'ultima domanda riguardo al futuro. Questi tipi di cambiamenti di cui abbiamo parlato, in particolare questa accelerazione che hai potuto notare, avranno un impatto futuro permanente a lungo termine o si può parlare di una reazione momentanea?"

PROFESSIONAL: "Credo che la maggior parte delle nuove modalità e soluzioni trovate nella vita di tutti i giorni ed in ogni settore, non andranno a sparire completamente. Se vogliono prendere un esempio, non credo che lo smart-working andrà ad essere utilizzato ai regimi pre-Covid, se ora è usato a 100, sarà usato a 50 un domani al fine di gestire meglio la relazione tra datore di lavoro e dipendente. Allo stesso modo il sito di e-commerce dell'azienda che sta scambiando online, post pandemia non vedrà scendere le vendite a livelli precedenti alla pandemia, ma vedrà un utente che avrà imparato ad usare i nuovi canali e, se ben strutturati,

sarà in grado di apprezzarli più di prima trovando magari più efficienza o convenienza. Un'eredità permanente la pandemia la lascerà sicuramente su tutti i settori.”

Eureka Ventures / Blacksheep Ventures 2

PROFESSIONAL: “Prima di iniziare, c’è anche da dire che avete scelto un anno un po’ sfortunato per questa ricerca. Oltre alla pandemia che è l’oggetto dell’indagine, c’è da menzionare anche che in quest’anno gli investitori istituzionali, in particolare la cassa depositi e prestiti a livello nazionale ed il fondo europeo degli investimenti, hanno erogato in maniera difficoltosa le loro partecipazioni. Sono soggetti che amano fare lunghe due diligence prima di investire in fondi di VC e PE e praticamente nel 2020 molti sono stati fermi, la FEI ha proprio fermato le attività di valutazione mentre la CDP è andata molto a rilento. In realtà nel 2021 è ripartito con il botto, rendendo l’anno un po’ strano. Ma ora vediamo su coesa vertono le tue domande, ma forse sono parte che volete indagare e forse ho anticipato domande.”

AUTHOR: “In parte anche quello sì, ci arriveremo a breve. Mi piacerebbe chiederti per iniziare quale sia la strategia del fondo e quali sono le attività che svolge, questo in maniera indipendentemente dagli eventi ultimo anno.”

PROFESSIONAL: “Blacksheep è il primo fondo verticale, come è stato definito dal mercato del VC, dedicato al mondo delle tecnologie per il business nel settore marketing ed advertising. La politica del fondo non è focalizzarsi nel settore, come alcuni che si focalizzano nel medtech, agri-food, digital etc. Abbiamo preso uno stream già molto verticale ed esistente, quello dei software B2B, ma lo abbiamo stretto ulteriormente focalizzandoci compagnie che si indirizzano a grandi brand che investono molto in pubblicità e che useranno sempre di più la tecnologia e sempre meno le persone per questo tipo di lavoro e anche a livello europeo ci sono molte realtà che si occupano di questo, competendo con i grandi come Google. La prima cosa dunque è dire che non siamo generalisti. Essere nel digital vuol dire tutto: e-commerce, IoT, security, marketplace, ma noi abbiamo scelto uno stream molto focalizzato dal momento che i founder del fondo hanno tutti esperienza in questo tipo di settore come imprenditori o manager di multinazionali. La prima cosa, è la verticalità dunque. La seconda, è la geografia a livello europeo per una ragione semplice; nel territorio ci sono molte realtà con tecnologie di valore ma con prezzi di acquisto molto inferiori rispetto a quelli della Silicon Valley o in Israele, regioni dove nascono l’80% delle tecnologie del mercato. Recentemente in Europa anche

grazie a politiche dei governi si ha avuto grossa accelerazione, la Francia ha stanziato 10 miliardi, l'Italia 2, la Germania anch'essa ha un piano importante e dunque le risorse in start up sono aumentate e ciò ha consentito la gemmazione di molte più realtà interessanti. Tanto è vero che grossi fondi americani hanno iniziato a venire in Europa a comprare; in America i primi round di finanziamento possono essere tranquillamente di 25 milioni, mentre in Europa un round simile ha entità di 5 milioni. Ovviamente i rapporti di forza sono drammaticamente a favore di Europa, le tecnologie sono circa le stesse ma i prezzi sono molto più bassi ed è per questo che abbiamo deciso di considerare solo l'Europa come geografia. Sul tipo di aziende invece, non facciamo seed e non guardiamo società con PoC in mano, ma aziende che hanno già un avviamento, un team consolidato con ad esempio 40/50 dipendenti, una traction consolidata, due o tre bilanci depositati che mostrano una crescita e che siano presenti almeno in due mercati. Un mercato di HQ ed almeno un embrione di internazionalizzazione, che è un punto cruciale. Questo step di scale internazionale, di solito è infatti il fattore che fa esplodere di cassa queste compagnie e spesso l'economia delle scale-up è cresciuta poco in quanto ci sono pochi fondi disponibili a supporto di questo tipo di passaggio che trasforma da un'aziendina ad una compagnia che fattura 100 milioni. Un esempio può essere Satispay, che ha appena fatto questo passaggio e sono passati da società con valutazione di 15 milioni, a raccogliere interesse di investitori con un round di 80/90 milioni che li proietta in uno scenario di disponibilità di risorse che permettono la creazione di partnership in tutta Europa, aprire sedi con velocità, avere attenzione di grandi circuiti bancari. Oggi Satispay combatte contro Nexi, gruppo quotato gigantesco. Dunque questa è una fase critica e noi vogliamo concentrarci su questo step in aziende che meritano di fare questo salto, dando dunque 3 cose: soldi, dal momento che puntiamo a raccogliere 100 milioni come primo vintage, cifra discreta per un fondo Europeo, con lo scopo di investire in circa 20 aziende; metodo e network, dal momento che abbiamo molti professionisti con sfondi imprenditoriali siamo in grado di sfruttare un'ampia gamma di relazioni commerciali ed industriali al fine di dare supporto alle partecipate. Devo farti certificare da google? Devo farti integrare con salesforce? Nessun problema, abbiamo le relazioni industriali necessarie. La nostra idea di value creation per chi acquistiamo si basa dunque sia su provvigione di fondi che di metodi e network.”

AUTHOR: “Ottimo, dunque siete VC a tutto tondo dal momento che vi occupate non solo di funding ma anche di aiuto al management delle partecipate.”

PROFESSIONAL: "Esatto, inoltre il team è piuttosto piccolo. Siamo in 6 con sfondi leggermente differenti. Ognuno di noi dovrebbe dunque pensare di prendere circa 4 società, entrare nel CdA e seguirle verticalmente e pochi fondi di VC fanno realmente questo. Non andremo mai a dire: "fammi vedere il report, come va il business e presentami un piano revisionato", il nostro è un approccio diverso e in questi casi ci metteremmo a capire dal punto di vista strategico quali sono i problemi e come risolverli."

AUTHOR: "Riguardo i metodi di uscita, avete in mente qualche preferenza?"

PROFESSIONAL: "Allora abbiamo 3 metodi. M&A e vendita industriale ad un pesce più grosso. Tipicamente le tecnologie verranno acquistate o da società di consulenza, che oggi sono delle grandi reti umane che costano tantissimo e sono molto poco automatizzate. Tutto il mondo della consulenza, non solo big four, ha aperto divisioni grandi e operanti dedicate al mondo del marketing and advertising dal momento che è un mercato piuttosto grosso, uno dei più ricchi dopo la finanza. Ci sono già 6 multinazionali che sostanzialmente dominavano quel mercato. Ora si ha una royal rumble di agenzia di grandi società di consulenza per accaparrarsi il budget dedicato al marketing delle grandi società come Nike, Adidas, BMW, ... ed oggi quelle agenzie fanno tutto a mano, il tool informatico più usato rimane Excel. Dunque c'è molto spazio per implementazioni di tecnologie in sviluppo al fine di migliorare i processi di vendita. La seconda uscita è la vendita a fondi di PE, che si concentrano in seguito all'uscita come sul mercato. La terza uscita invece è il così detto build-up, facendo un'operazione di M&A interna al fondo tramite società particolarmente sinergiche, si riesce a creare un animale particolarmente grande che può essere già pronto per una IPO senza passare per altri fondi."

AUTHOR: "ottimo sei stato super esaustivo. Adesso vorrei provare a spostare il focus delle domande verso un settore particolare, l'healthcare. Ti faccio questa domanda in quanto partner di Eureka ventures, che ho visto si occupa in parte anche di tale industria. Come vedi questo settore sotricamente e pre e post 2020? È stato o è attualmente un buon campo per investimenti VC? C'è qualche tecnologia che merita particolarmente attenzione?"

PROFESSIONAL: "Cosa intendi per Healthcare? Tutto il mondo dell'assistenza sanitaria o il mondo della ricerca? In quest'ultima ci sono molti stream diversi con prospettive diverse."

AUTHOR: "Si hai Ragione in realtà una divisione comune identifica 4 sub settori, uno relativo all'assistenza sanitaria fisica, dunque ospedali e cliniche; uno relativo al medtech; uno pharma

e biotech ed infine i servizi di manged care. Stiamo indagando tutti gli stream in base anche a quella che è l'esperienza dell'interlocutore.”

PROFESSIONAL: “Ok certo, in realtà come dici tu Eureka, ma anche Creative, sono fondi in cui partecipo che investono nel settore, quindi posso darti una mia visione ma di tipo personale dal momento che il mio lavoro principale rimane in Blacksheep anche a causa della mia esperienza pregressa. Credo che dipendentemente dalla crisi sanitaria e dal recovery fund, come anche accade nel digitale, in termini di attenzione e priorità di gestione si verifichino degli aumenti. Spero la sanità torni una priorità nelle agende dei politici e anche dei cittadini; il fatto che servisse una necessità maggiore di assistenza sanitaria prescindeva completamente dalla crisi, che ha accorciato solamente i tempi. Nel digital diciamo che i tempi si sono accorciati di 7/8 anni, nel mondo healthcare in certi versi si può dire che il parallelo valga allo stesso modo. In particolare vedo due aree con maturità diverse con molto potenziale ed interesse. La prima è il biotech, settore che ha raccolto moltissimo negli ultimi anni a livello global; come dice McKinsey, nel lifecycle di certe tecnologie c’è un momento di disillusion ed ora dopo molti mesi/anni di fondi raccolti, soprattutto nel campo dell’oncologia, siamo in un momento di stagno in cui si iniziano gli step di trials su essere umani, in cui l’applicazione delle varie tecnologie risulta essere molto più complessa del previsto. Chiaramente molte compagnie hanno avuto la possibilità di continuare ricerche, ma sono tutte società che hanno solo spese e finché non si conclude la ricerca con un prodotto vendibile, sono una totale scommessa. L’aspetto positivo è che questo trend di over-founding si otterrà qualcosa di straordinario. Dunque biotech è un settore di grande rischio con KPI decisionali e previsionali che sono solo relative esclusivamente alla ricerca clinica pura. Il medtech è molto diverso e mi piace moltissimo. Eureka di cui sono partner investe molto. Una volta che una tecnologia medica è conclusa infatti si può produrre in serie e vendere ed è ben diverso dal biotech e pharma in cui hai anni di autorizzazioni e ricerche. Le tecnologie mediche hanno tempistiche più corte, una volta testato e prodotto se funziona, è un mercato globale. Inoltre ci sono problemi anche banali che possono essere risolti con dei dispositivi che magari prima non c’erano e che una volta prodotti hanno appetibilità immediata nel mercato. Sul mondo dei servizi invece, si ha il risultato come una funzione lineare della paura della società di ammalarsi. Non c’è molta sicurezza in questi termini durante questi mesi e non sono esperto di questo settore, ma sono sicuro che c’è tutto un mondo di servizi legati alla protezione della

persona che si sta sviluppando molto, basti pensare all'insuretech stesso. Gli utenti cercano sicurezza dalle sfortune della vita a basso costo ed è un trend inevitabile. Riguardo alla parte di sanità privata, non è di nuovo il mio settore, ma dipenderà da come andranno i finanziamenti istituzionali che daranno l'opportunità di continuare la loro operatività sia nel pubblico, ma soprattutto nel privato che trainerà in quanto il pubblico è sempre più legato a servizi minimi. I più interessanti rimangono comunque il biotech in quanto sta affrontando la sfida del secolo ed il medtech che permette di risolvere problemi con prodotti relativamente semplici, molto verticali e con appetibilità globali.”

AUTHOR: “Ora ti chiederei cosa ha effettivamente creato e quali sono gli impatti la pandemia sia per Blacksheep o Eureka, sia per il mercato VC in generale. So che ad esempio Balcksheep è appena nato, rispetto alla strutturazione strategica del fondo ed i fattori decisionali sviluppati nell'ultimo anno e mezzo, cosa ha toccato più fortemente questa pandemia inaspettata? A livello invece di mercato, ci sono stati alcuni settori o tecnologie che hanno ricevuto più attenzioni rispetto che ad altre visti gli ultimi tempi?”

PROFESSIONAL: “Guarda per quanto riguarda Blacksheep, occupandoci di software per aziende che hanno lo scopo di far vendere di più, con la pandemia da un punto di vista dell'opportunità a noi è andata bene. Ci siamo trovati tutti in casa attaccati al computer, con aziende che si rendono conto di come gli e-commerce sono fondamentali e attualmente sotto-sviluppati, dunque non potevamo chiedere di meglio. Il covid è stata una grande epifania per i grandi brand che hanno realizzato di essere digitalmente inadeguati in un mondo in cui la prossimità fisica non esisteva più, facendo dunque aumentare la priorità di certe iniziative in pochi mesi. Dall'altra parte il processo di creazione di un fondo, dunque contattare e raggiungere investitori istituzionali e privati, intraprendere processi di due diligence, etc... è stato molto più difficile. Dimostrare garanzie agli investitori in un anno in cui non ci si poteva incontrare ci ha costretto ad aprire il fondo in smart-working e, nonostante siamo riusciti a farlo in poco tempo, le modalità sono state molto più faticose. Basta immaginare tutti gli stakeholder che abbiamo dovuto coordinare con scambi quotidiani via teams o zoom. In termini di opportunità di investimento invece ci è andata bene ed è la ragione per cui abbiamo raccolto facilmente capitale, molte persone hanno sentito l'urgenza di mettere dei soldi nel digitale in vista di crescita futura. Sul mercato dell'healthcare invece per certi aspetti non credo che accelererà la ricerca scientifica, ma credo che aumenterà la priorità come interesse

di investimento. Questa esperienza ci ha raccontato che non siamo invincibili come specie animale e il mondo della cura delle persone avrà una priorità diversa, con un risultante aumento velocità nella raccolta di capitali destinati a questo tipo di industria.”

AUTHOR: “Come ultima domanda ti chiederei una domanda riguardo il futuro. Ciò che è successo l’anno scorso avrà un impatto nel lungo termine permanenti od è qualcosa che, sia in termini di raccolta di fondi che ti interessa di investimenti, tornerà ad essere come pre-pandemia?”

PROFESSIONAL: “Questo evento ha creato il new normal, che si basa sul tema dell’accelerare. Le grandi marche si sono resi conto che devono dare ai consumatori altri canali di vendita e dunque il concetto di digitale e la sua urgenza se prima era ad una velocità di crociera 5, ora sta a velocità 10. Si ha avuto un’accelerazione x2 in termini di priorità, investimenti, la nascita di nuove aziende. Sul mondo in generale non tutto è risolvibile attraverso la tecnologia e ci sono alcune industry che non torneranno più come prima, ma questi casi non riguardano il settore healthcare o il digital. Un settore che è cambiato perennemente secondo me è il settore del travel, non viaggeremo più come prima e ci sono cose che cambieranno perennemente, ma i settori focus di cui abbiamo parlato oggi non possono che nel lungo periodo trarre benefici. Se parliamo di VC, inevitabilmente avremo molti write-off, ma la cultura del fallimento ci insegna la cultura del successo, cosa che in Europa è sempre mancata a differenza di quella Americana.”

Avanzi Etica

AUTHOR: ““Che tipo di attività svolge Avanzi Etica? Cosa mi sai dire a grandi linee sul fondo? Come definisci a grandi linee la strategia del fondo?”

PROFESSIONAL: “Il fondo nasce fine 2017, 2018. Si unisce al fondo Etica SGR ed inizia le operazioni a fine 2019. I primi investimenti sono stati fatti i primi mesi del 2020. La progettazione del fondo è ante Covid, gli obiettivi sono (non in ordine di importanza): welfare and caring, agricoltura sostenibile e protezione del territorio. Si parla proprio di bisogni iniziali delle persone alla base della piramide. Altri punti di interesse riguarda la l’educazione, formazione ed apprendimento per poi evolversi in industrie creative e culturali, rigenerazione urbana ed economia circolare. Di nuovo, da quest’ultimi si evidenzia lo sfondo di impatto sociale su cui si interessa la compagnia. La prima delibera infatti riguarda casa dello studente,

un'iniziativa relativa all'educazione ed al supporto scolastico, fatta inoltre in un momento di scuole chiuse e lockdown. Sebbene non potessimo prevedere la durata di questa pandemia, abbiamo deciso comunque di investire secondo i nostri obiettivi iniziali; in seguito c'è stato un investimento in Area Medical, iniziativa sull'assistenza domiciliare e gestione di care delivery, in Arg, società che opera nello sviluppo di servizi e prodotti a supporto di residenze per anziani. Da citare anche Uleria e Umana, start up anch'esse operanti nella care-delivery o managed-care, tutte attività degne di nota in quanto si basano su operatività beneficate o danneggiate dall'esplosione della pandemia.”

AUTHOR: “Questi investimenti sono stati previsti prima o durante la pandemia?”

PROFESSIONAL: “Abbiamo contattato un servizio molto simile ad Area Medical, verso fine 2019. Per vari motivi il deal non è proseguito. Con questo ci tengo a specificare che, sebbene gli investimenti appena citati sono stati fatti durante la pandemia, abbiamo cercato servizi di questo genere anche ben prima di marzo 2020. Questo ti fa capire, tornando al tema iniziale, indipendentemente dalla situazione macroeconomica, uno dei nostri scopi è quello di creare impatto sociale in diverse aree come welfare & caring. Giustamente, una volta entrati in contatto con tali realtà ci siamo resi conto di come effettivamente fosse il momento opportuno. In pandemia la consegna di farmaci; un call-center che ti risponde; parlare con medici al telefono; ecco sono tutte cose che permettono di accrescere l'impatto con i nostri investimenti e portano supporto alle persone che soffrono di malattie o incertezza. Quindi nasce l'idea del fondo, prima, durante la definizione della strategia, ma viene anche analizzata e considerata nel durate perché capiamo che oggi è ancora più opportuno dare supporto a questo tipo di proposte. È un tema che si incrocia con la pandemia, ma a noi sta a cuore e dunque a maggior ragione abbiamo motivi per sostenerla. Sebbene le compagnie che ti ho citato prima abbiano business un po' differenti, il concetto base della coerenza è lo stesso. Per esempio, il primo investimento durante la pandemia come ho citato prima è stato relativo a supporti scolastici, il secondo è stato Arg, società che si occupa di servizi per ospizi, sebbene fossero tutti chiusi. Con questo voglio sottolineare come, nonostante alcune società sarebbero state impattate negativamente mentre altre positivamente, le nostre decisioni di investimento sono rimaste coerenti con l'obiettivo di creare impatto sociale positivo.”

AUTHOR: “Sicuramente è vero che il rischio esisteva, ma è anche vero con l'invecchiamento della popolazione certi business come Arg hanno potenziali a lungo termine non ignorabili.”

PROFESSIONAL: "Ammetto che ci siamo posti qualche domanda in alcuni casi simili a quello: lo facciamo l'investimento oppure no? Queste storie che ti racconto sono per la maggior parte deal iniziati prima della pandemia e finalizzati o deliberati nel durante. Alla fine come ho anticipato il deal è stato concluso ed ora sta andando bene. Ovviamente c'è tutto un piano di marketing da implementare, ma abbiamo positività nel futuro. Come base di partenza, a differenza degli altri fondi, il nostro approccio parte sempre dal bisogno finale e non dalle possibilità di profitto; se notiamo che c'è un bisogno, se notiamo che c'è un target in linea con i nostri obiettivi di investimento, vediamo una coerenza di metodo di gestione e valori con quanto ci siamo prefissati, finiamo poi anche noi con il business planning e l'uscita sul mercato con obiettivi di rendimento prefissati che vanno in parallelo con gli obiettivi sociali che ti ho citato prima. Partiamo dall'obiettivo e dalla sua urgenza per poi verificare che ci sia mercato e opportunità di profitto."

AUTHOR: "Durante la pandemia si è dunque sentito un'urgenza maggiore di investimenti a supporto della sanità?"

PROFESSIONAL: "Si senza dubbio per l'urgenza è salita, ma senza monopolizzare l'interesse per attività di business strettamente relative a terapie legate alla pandemia. L'investimento in Eulera ad esempio è nell'ambito di strumenti per la fisioterapia, che può essere legato al tema di urgenza di welfare e benessere fisico di cui le persone hanno un forte bisogno in seguito anche ai recenti lockdown. Come vedi questa e molte altre nostre attività in portafoglio hanno un legame con la pandemia, si parla sempre di salute e tutto ha una logica legata alle conseguenze del Covid, ma non si trova mai una conseguenza "poiché c'è stato il Covid, allora investiamo in quello"."

AUTHOR: "Parte della ricerca vuole proprio arrivare a quello, da quanto sto capendo molti degli investimenti, in particolare nell'healthcare, sono iniziati prima della pandemia e, sebbene vi siate interrogati più del solito sul "facciamo o non facciamolo", siete rimasti sempre molto coerenti con il vostro piano iniziale."

PROFESSIONAL: "Esattamente."

AUTHOR: "Se le facessi una domanda riguardo al futuro? Come vedi la rischiosità di tali investimenti? Quale potrebbe essere la vostra direzione strategica?"

PROFESSIONAL: "Siamo piuttosto favorevoli riguardo gli investimenti fatti e non ci aspettiamo un declino. Diciamo che a livello strategico, se capitassero realtà simili nei prossimi mesi, le considereremmo molto seriamente. Ora però ci interessa capire quale sia la prossima urgenza, infatti un altro settore che ci piacerebbe valutare è quello delle attività legate mercato del lavoro; molti individui hanno perso il lavoro ed esiste questo bisogno e in futuro potrebbe essere interessante per noi. Rimane sempre il mantra che ci impone di considerare la contingenza derivata come obiettivo parallelo all'impatto sociale."

AUTHOR: "Con quanta leva la pandemia ha impattato sulla vostra direzione futura?"

PROFESSIONAL: "Considera che qui ti posso fare una risposta che esce dalle logiche di impatto sociale ma entra più in logiche di risk management. Il fondo è appena partito e come hai visto, molti investimenti sono a supporto dell'emergenza sanitaria, ma il portafoglio dovrà comunque essere bilanciato per motivi anche di vigilanza e quindi parzialmente potrebbero esserci logiche che ci invitano a valutare altri bisogni, ma sempre rimanendo fedeli. È importante anche citare il fatto che la pandemia ha monopolizzato la comunicazione e non è sempre evidente quale sia l'impatto sociale al momento più necessario oltre a quello sanitario."

Red Fish Capital - irk

AUTHOR: "Come definisci a grandi linee la strategia del fondo e che tipo di attività svolge Red Fish Capital? Quale impatto si può riconoscere in seguito al 2020?"

PROFESSIONAL: "Allora, l'impatto devo dire che è stato abbastanza trasversale. Al di là di singole società, cercherò di essere generale al fine di esplicare un po' i trend che ho potuto notare. La pandemia ha portato sicuramente forti incertezze sulle previsioni di mercato, dunque da un punto di vista di investimenti ha portato delle incertezze anche su come valutare le prospettive sui singoli business. Questo ha colpito più il mondo industriale che quello dei servizi e ci ha portato verso una preferenza di classe di investimenti più legata a quest'ultimi. I primi deal del 2020 infatti sono stati fatti sul mondo ICT, ma comunque la capacità previsionale ora è ridotta e dunque il rischio insito dei business plan aumenta, mancando una base di sicurezza. Un secondo impatto che ha inciso riguarda i risultati del 2020. Le valutazioni delle compagnie che spesso si basano sui risultati e le performance degli ultimi anni sono stati incerti dal momento che l'evidenza empirica mostra un 2020 di risultati negativi, allo stesso

modo considerare solo i dati del 2019 non sarebbe realistico. Dall'altra parte, l'approccio delle compagnie con certe aspettative di valutazione e certi multipli è andato a scontrarsi con quello del fondo, che vede i rischi e ridimensiona le aspettative. Come ci siamo mossi in conseguenza? Molti deal sono stati rimandati, specialmente nel manifatturiero dal momento che le aspettative non combaciavano. Tanto è vero che adesso verso l'inizio del 2021 si sta verificando un'accelerazione degli investimenti, figlia di 2 cose: uno è un trend di base che non dipende dal covid, il secondo è un accumulo di ritardi del 2020 che viene ad essere recuperato del 2021. Come già anticipato ci siamo mossi verso servizi cloud e web services, i quali hanno avuto un leggero impatto ma i business in sé sono in crescita nonostante le circostanze. Dall'altra parte abbiamo avuto deal di natura industriale che sono stati rimandati dall'inizio del 2020 fino all'anno prossimo e ne chiuderemo infatti solo alcuni, dal momento che altri sono andati persi. Per quanto riguarda irk, l'impatto è marginale, essendo servizi digital based. Le aziende erano tutte sane e si ha avuto in alcuni casi addirittura un'accelerazione della compagnia, ma alcuni casi isolati con l'effetto opposto. Un esempio riguarda una compagnia su cui abbiamo investito molto tempo nelle analisi ad inizio 2020 che forniva servizi per palestre, sapevamo che l'impatto sarebbe stato grave ma tramite una riduzione del primo funding round affiancata dalla possibilità di compiere un finanziamento maggiore l'anno successivo nel post-covid. Questa tecnica di earn out affiancata da opzioni ha permesso di matchare le aspettative tra business in crescita promettenti ed il rischio sul mercato. Con il Covid, anche queste tecniche di aggiustamento del prezzo sono state stressate, arrivando da quote di earn out classiche del 20% fino anche al 50%. Scomponendo gli investimenti in questo modo, invece di essere one-shot, si permette di non perdere l'opportunità, chiudere il deal quando le aspettative avranno maggiore visibilità e poi sfruttare l'opzione dal momento che non basta aspettare qualche mese, ma bisogna vedere anche come andrà il 2021 visto che siamo ancora in pandemia ed ancora ora non è tutto cristallino.

Poi aggiungerei anche il grosso tema della gestione delle partecipate. Oltre ai casi di exit rimandati per forza di cose, si ha avuto un grosso aumento di attenzioni verso le aziende in portafoglio che hanno assorbito molto effort. Per fortuna sono andate bene, ma è importante sottolineare l'urgenza di questioni interne che hanno dovute essere gestite (personale, cassa, ...). Sostanzialmente, nel mondo degli investimenti comunque le attività sono state impattate

sì, ma nulla che non si sia potuto gestire tramite maggior attenzione e aggiustamenti sulle valutazioni, caso molto diverso dall'industria tradizionale.”

AUTHOR: “Grazie hai anticipato molto le domande che volevo farti e sei stato molto esaustivo. Ora vorrei concentrarmi su un settore in particolare, L'Healthcare. Cosa ne pensi a riguardo? Come è stato impattato secondo voi?”

PROFESSIONAL: “Allora. È un settore che stiamo studiando da un po' di anni, servono sicuramente molte competenze settoriali specifiche ma anche di approccio degli investitori molto diverso dal digital e dalle altre asset class. Irk non è molto concentrata sull'healthcare, lo scopo era investire in start up innovative ed è risultata con avere un focus sul digital di natura. Abbiamo cercato di considerare alcune aziende innovative nell'ambito life-sciences ma quando si guarda la ricerca, i volumi di investimenti sono estremamente alti e sia seed round o round A richiedono competenze estremamente evolute per poter prendere decisioni. Spesso infatti anche durante round A, tali compagnie non hanno revenues e diventa difficile valutare. Sebbene alcune start-up tecnologiche abbiano risultati negativi, esse hanno comunque un fatturato e si può prevedere che gli utili diventino positivi negli anni seguenti, ma la questione per life sciences è diversa e non si possono fare previsioni come con l'industria classica. Anche le aspettative delle partecipate sono diverse, vogliono networking o supporto anche di tipo scientifico nella gestione tipica delle compagnie portafoglio.”

AUTHOR: “In base a quello che ha visto lei dal punto di vista degli investimenti, si può affermare che vi sia stata una crescita di interesse nel settore? O si può parlare di hype momentaneo?”

PROFESSIONAL: “In realtà secondo me si può parlare di interesse maggiore perché è anticiclico rispetto al covid, è stato impattato sì ma l'interesse non è superiore al digital. Tutti i settori resilienti al covid hanno avuto un medesimo interesse in crescita. Basti pensare agli e-commerce piuttosto che il delivery, tutte attività anche non innovative che hanno avuto successo e attenzioni vista la loro resilienza. Specificatamente non so dire, ma tutto ciò che resiste alla pandemia ha visto una crescita. Dall'altra parte c'è da menzionare il trend non relativo al covid di grande disponibilità di liquidità e ricerca di redditività alternative da parte degli asset manager e questo trend di stravolgimento arriva in generale dal caso emblematico dei fondi azimut. Un asset manager che ha portato, da un'offerta nulla di investimenti in

compagnie private, ad essere diventati il più grande player italiano in due anni. Questo ha portato all'alzamento di multipli per aziende di un certo tipo che ora possono essere acquistate per cifre maggiori da operatori con enormi disponibilità. Inoltre anche le classiche policy di investimenti minimi sono state stravolte, portando investimenti minimi dell'ordine di 5k euro. A ruota infatti molti altri fondi si stanno aprendo con soglie minime di 5k euro di investimenti portando l'attenzione del retail ai rendimenti superiori del venture capital. Ormai anche gli investimenti VC e PE si spostano verso investitori comuni e meno sofisticati, comportando entrate maggiori di liquidità. Questo inoltre porterà all'apertura di nuovi media, come il crowdfunding, che diventeranno normali per raccogliere capitali in futuro e ciò fa notare come ci sono dei trend importanti anche indipendenti dal covid.”

AUTHOR: “L'ultima domanda riguarda un po' le aspettative future di questi trend dovuti alla crisi sanitaria. Rallentamento di operatività, interessi nei settori, etc... resisteranno nel lungo termine?

PROFESSIONAL: “Nel primo semestre 2021 stiamo vivendo un recupero delle attività, quindi la storia del rallentamento operativo è sicuramente temporaneo. Riguardo l'accelerazione di certi settori (e-commerce, delivery, healthxare, etc..), non scommetterei in un rallentamento visti quei fenomeni prima citati: l'abbondanza di liquidità e l'attenzione a questi tipi di investimenti più redditivi VC e PE; probabilmente si vivrà un'altra accelerazione, ma non per la pandemia ma per la quantità di denaro in arrivo da nuovi investitori e nuovi operatori che influenzano pesantemente le condizioni del mercato.”

Mandarin Capital

PROFESSIONAL: “Come avevamo anticipato, Mandarin di sicuro guarda il settore Healthcare ma in maniera ampia, come puoi vedere nel fondo III infatti abbiamo partecipata, Sidam, piccola realtà emiliana che realizza equipment medicale e strumenti medici. In passato avevamo Dedalus, realtà nei software medicali. Non si parla dunque di cambiamenti di strategie di investimenti per orientarsi a compagnie attinenti a trattamenti Covid-related, ma sicuramente guardiamo aziende in questo macro settore spaziando aziende che ritengiamo interessanti in certe nicchie appositamente valutate.”

AUTHOR: “Come definisci a grandi linee la strategia del fondo e che tipo di attività svolge Mandarin Capital? Quali sono i suoi obiettivi principali nei fondi attivi?”

PROFESSIONAL: "Mandarin è un fondo di limited partnership. Due fondi in gestione: Impact è una cosa in fase di pre-fund raising e strutturazione, mentre gli altri due sono MCII (vintage 2013-2015) in fase di disinvestimento, mentre MCIII (vintage 2019-2021) è in fase di fund-raising e avrà un periodo di investimento che terminerà nel 2026. Riguardo la strategia, abbiamo focus geografico in Italia ed area DAC, quindi Germania, Austria e Svizzera, tutta la parte d'Europa che parla tedesco. I mercati di riferimento sono gestiti da partner nella rispettiva area ma lo sfondo è molto internazionale, abbiamo infatti anche un focus ai mercati asiatici, in particolare la Cina. Da qui deriva questa presenza diretta sin dal primo Mandarin (vintage 2007) con uffici e due partner di riferimento in loco. In estrema sintesi investiamo in realtà prevalentemente italiane o di questa area german-speaking per sviluppare ulteriormente il loro grado di internazionalizzazione per un evidente obiettivo di diversificazione delle fonti ed in ultima analisi di riduzione del rischio. Altri due attributi della strategia possono riguardare la modalità e la dimensione degli investimenti, la quale va tipicamente da 5 milioni a 25 milioni in equity, possibilmente di maggioranza che ci permettono di essere incisivi nella gestione strategica della compagnia. Sebbene siano casi rari, investiamo talvolta in early stage di aziende discretamente performanti, sono rari anche i casi di buy-in, ma preferiamo il management buy-out, tenendo il management che c'era prima del nostro ingresso e se succede, in rari casi, che le aspettative non vengano rispettate, iniziamo una ricerca al fine di trovare sostituzioni adeguate."

AUTHOR: "Ok, mi hai parlato dunque di geografia e volume di investimenti. Ma in termini di uscita e orizzonte temporale degli investimenti, cosa mi sapresti dire a riguardo?"

PROFESSIONAL: "L'orizzonte temporale sta tra i 3 e i 5 anni ma si possono verificare talvolta casi in cui al quinto anno la compagnia target sia ancora in fase di sviluppo o di trasformazione che costringe a posticipare l'uscita, ma la regola comunque rimane quella dei 3-5 anni. Vendiamo ad altri fondi con transazioni nel mercato secondario, oppure si vende ad operatori industriali del settore. Da qualche anno si parla di uscite in borsa, ma sono processi complessi che ancora non abbiamo normalizzato. Talvolta tramite SPAC, abbiamo visto compagnie diventare quotate, ma comunque non è il tipico metodo di uscita tramite la quale operiamo."

AUTHOR: "Riguardo il focus settoriale, siete dunque generalisti?"

PROFESSIONAL: "Per come si è sviluppata la strategia non abbiamo praticamente compagnie di servizi ma solo industriali."

AUTHOR: "Ottimo, ora che abbiamo definite la strategia del fondo, arriviamo al centro dell'intervista. Tra le cose che mi hai appena elencato, le quali sono state giustamente definite tempo addietro, quali sono dunque le cose che sono cambiate maggiormente in reazione a ciò che è successo l'anno scorso? Puoi declinare la risposta sia in termini di raccolta di investimenti, scelta dei target e operatività giornaliera?"

PROFESSIONAL: "Allora sulla raccolta, ci è capitato di fare il primo fund-raising nell'estate del 2019 prima che succedesse tutto. Direi che guardando alla storia di Mandarin, il primo closing più di successo tra i tre fondi. Scoppia la pandemia nel febbraio 2020 con sicuramente un grosso impatto che ha portato un forte rallentamento delle iniziative e del processo di raccolta. Abbiamo ampliato al massimo infatti il periodo di raccolta, e di fatto chiuderà nel dicembre 2021. Stiamo vedendo effettivamente che in questa seconda metà del 2021 ci sono soggetti istituzionali italiani che hanno ripreso analisi di allocazione di capitali e delle loro disponibilità. Questi colloqui diciamo durante nel 2020 si erano infatti completamente annullati."

AUTHOR: "Guardando l'altro lato della medaglia, degli investimenti, hai potuto notare qualche grande differenza rispetto alle variabili strategiche che mi hai citato prima?"

PROFESSIONAL: "Guardando l'orizzonte temporale degli investimenti più recenti, ti direi che abbiamo continuato ad investire nonostante ci fosse una situazione critica. Pandemia significa grande incertezza nei business plan che l'imprenditore ti propone, dunque nonostante questa fortissima variabilità, crescente con la pandemia, abbiamo continuato ad investire nel 2020 nei settori in cui abbiamo più competenze. In termini di orizzonte temporale, esso ha avuto un leggero slittamento, ma di fatto si è registrato un ritardo di circa un anno sulla maggior parte dei business plan, ma nonostante ciò le aziende si sono dimostrate capaci di sopportare lo stress del 2020, sebbene si siano verificate diverse casistica di riduzioni di fatturato importanti."

AUTHOR: "Dunque c'è stato un continuo investimento da parte vostra, anche se l'orizzonte temporale di investimenti si è dovuto allungare causa slittamento e difficoltà delle compagnie."

PROFESSIONAL: "Si, difficoltà che si sono riflesse in grosse spese e lavoro aggiuntivo per i team di gestione. Spese, per esempio le aziende in portafoglio hanno dovuto sostenere spese per dotarsi di materiale per gestire la pandemia e la sicurezza. Sono giunti anche costi non misurabili dovuti a tassi di produttività inferiori al normale, particolarmente nelle aziende farmaceutiche e nell'alimentare per il fatto di dover contenere il personale in linea a causa di misure di sicurezza. Si parla infatti di situazioni in cui sono presenti gli ordini, ma che di fatto non si era in grado di soddisfare. Questo è ancora più marcato in attori industriali, tipici del nostro portafoglio. Nell'operatività ci sono stati dunque rallentamenti che hanno distolto inoltre il focus da progetti di natura straordinaria come M&A, programmi di sviluppo organici o innovazione di prodotti. Anche la relazione con le banche ha dovuto spesso cambiare a causa di esposizioni finanziarie e rotture di covenant, si ha avuto la necessità di rivisitare e negoziare business plan e ulteriori piani di finanziamenti. Abbiamo notato anche un rallentamento sui piani di progetti di internazionalizzazione. Abbiamo avuto un paio di casi che inizio 2020 erano pronti ad avviare produzioni in USA, ma che hanno di fatto ritardato di un anno."

AUTHOR: "In termini di target settoriali, vi è stato secondo voi una crescita di interesse ed attenzione in certi settori che prima della pandemia non avete mai considerato? Per esempio compagnie operanti nel digital o nell'healthcare come menzionato prima?"

PROFESSIONAL: "Mandarin non ha forti competenze techy e digitali, quello forse sarebbe stato interessante avessimo avuto le competenze necessarie, sin dall'anno scorso. C'è nel team effettivamente esiste un crescente interesse in questi settori, ma bisogna ricordare che Mandarin ha delle competenze in settori manifatturieri, poi il team investe su cose che sa investire perché altrimenti è un altro mestiere."

AUTHOR: "Avendo queste competenze a sfondo industriale, vi è capitato di considerare compagnie di quel tipo che a causa della crisi hanno avuto picchi di domanda di prodotti o comunque hanno beneficiato della pandemia?"

PROFESSIONAL: "Abbiamo in mente questo caso di un operatore che nel novembre del 2019 guardava una compagnia produttrice di saponi e igienizzanti, tutto quello che ha avuto un boom clamoroso. La mia sensazione è che non avessero idea della valutazione della compagnia, avevano bisogno di investimenti ma per altri motivi slegati dal Covid ed una volta arrivata la pandemia non ci potevano credere. Operatori invece che hanno bersagliato queste

compagnie in pandemia hanno visto un prezzo in cui si era già scontata la crescita futura dovuta a maggiori vendite. Inoltre la compagnia può essere buona sì, ma potrebbe non esserlo la transizione in sé se non si ha una strategia definita su come investire il round di finanziamenti. In ogni caso, noi rimaniamo con un focus su prodotti con alto valore aggiunto, per esempio non investiremmo mai in azienda produttrice di mascherine in quanto sono mercati da volumi alti e margini risicati.”

AUTHOR: “Come obiettivo di ricerca vogliamo capire come i fondi hanno saputo rispondere a questa crisi ed abbiamo ipotizzato 3 differenti reazioni che un fondo potrebbe avere. Una prima reazione difensiva ed avversa al rischio, che un po' per necessità o per scelta vuole rimandare le operazioni. Una seconda reazione vuole ignorare la pandemia in termini strategici e continuare ad operare normalmente, mentre una terza opzione vuole cogliere le opportunità e concentrarsi su industrie momentaneamente più calde. Da quanto mi sembra di capire vi identificate nella seconda opzione.”

PROFESSIONAL: “Direi di sì. Proprio per questo fatto di cui ti parlavo prima. Quando abbiamo fatto recenti investimenti, essi sono stati conclusi nel 2020 (3 su 5). Abbiamo avuto un tema di spiegare agli investitori che abbiamo un portafoglio ben investito. C'era una paura di essere investiti a prezzi pre-covid, ma abbiamo pagato prezzi sbagliati, non ci troviamo in mano aziende di cui i business plan sono stati rivisti a ribasso. Ci possono essere state delle flessioni, ma noi li vediamo come spostamenti nel tempo, ma non a ribasso. In questo siamo stati bravi a convincerli ed infatti continuiamo il fund-raising, anche se con piccole maggiori difficoltà. Inoltre in questa metà 2021 si è ripreso il tutto piuttosto bene.”

AUTHOR: “Come ultima domanda ti chiederei una domanda riguardo il futuro. Ciò che è successo l'anno scorso avrà un impatto nel lungo termine permanenti od è qualcosa che, sia in termini di raccolta di fondi che ti interessa di investimenti, tornerà ad essere come prima della pandemia?”

PROFESSIONAL: “Ma sulla raccolta di capitali questa esperienza non durerà a lungo, non si ha un impatto strutturale. Si hanno altri fattori legati in parte anche in maniera indiretta alla pandemia che influenzano sul come e dove si raccoglieranno capitali. Se si consolida l'attenzione e la coscienza, in maniera genuina, in investimenti sostenibili da parte degli investitori, allora si innescava un processo che cambierà molto il tipo di fondo che verrà

raccolto. Sicuramente la tecnologia, tecnica ed i metodi si evolveranno in continuo, come può essere la SPAC rispetto ai fondi di PE o VC, ma io sto parlando proprio di diverse motivazioni che uno deve portare sul tavolo quando farà fund raisisng. Da un certo punto di vista mi aspetto una spinta dagli investitori a target che lavorino in modo sostenibile e che non ci sia solo un'etichetta di questo tipo di investimenti in cui si continua a fare le stesse cose ma chiamandole in maniera differente. Sono dunque le motivazioni dietro gli investitori che potrebbero cambiare in generale il fund raising. Per quanto riguarda gli investimenti, la risposta è complessa. Provando a scomporre la domanda, ci sono effettivamente delle cose che si possono notare. Per esempio recentemente stiamo pensando recentemente all'operatività di certi operatori che sono in smart-working da più di un anno; in questo caso la pandemia ha modificato la struttura del come si lavora e dunque bisognerebbe pensare ed analizzare bene che impatto si potrebbe avere nel futuro in termini di preferenze e gestioni di investimento.”

Equiter

AUTHOR: “Come definisci a grandi linee la strategia del fondo e che tipo di attività svolge Equiter? Quali sono i suoi obiettivi principali nei fondi attivi?”

PROFESSIONAL: “Il tema con questo fondo è particolare dal momento che è partito a marzo 2020. Il lavoro che è stato fatto lo scorso anno riguarda la strutturazione del fondo, l'inizio del collocamento e l'attività di investimento vera e propria inizierà a marzo di quest'anno.”

AUTHOR: “Durante la strutturazione del fondo, sapresti dirmi quali sono le principali variabili strategiche che sono state definite?”

PROFESSIONAL: “Il fondo è un fondo di infrastructure equity che vuole lavorare su infrastrutture early/mid market nel territorio italiano. Il nome è fondo “Infrastrutture ed Innovazione Impatto” e gli obiettivi, oltre a quello del ritorno economico, fanno parte della strategia di investimento basata su 3 gambe, tra cui il profitto: implementare principi di innovazione tramite advisor dedicati per andare così a preparare un piano di quello che deve essere lo sviluppo in senso tecnologico della company che poi andiamo ad acquisire; impatto in termini di sostenibilità, abbiamo anche qui advisor dedicati che ci affiancano nella fase di due diligence e pre screening degli investimenti per andare a scorporare quello che sarà il piano di sviluppo in termini di sostenibilità nei prossimi anni una volta che la compagnia sarà

acquisita. Gli obiettivi possono essere definiti come arrivare, dopo il processo di gestione della compagnia in portafoglio per una value creation, alla dismissione della società che abbia delle caratteristiche di intensità tecnologica e sostenibilità che sono molto più sviluppate e misurabili di quando la società è stata acquisita. Nel momento in cui avviene l'exit possiamo dunque affermare che il valore è stato creato attorno questi campi e l'idea è anche quella di riuscire a misurare realmente questo valore. Adesso il tema sta diventando mainstream e il tema ESG è nel centro delle strategie di molti fondi già da tempo ma si sta presentando comunque la necessità di strumenti un po' più avanzati del classico report ESG a fine anno per la misurazione della effettiva sostenibilità ed intenzionalità.

AUTHOR: "Per quanto riguarda la geografia degli investimenti e l'orizzonte temporale degli investimenti cosa sai dirmi?"

PROFESSIONAL: "Gli investimenti sono tutti dedicati all'Italia. Il fondo ha una durata di 15 anni, dal momento che gli investimenti sono un po' più lunghi rispetto ai normali fondi che non targettano le infrastrutture. Normalmente il periodo di investimento è di 5 anni ed il periodo di permanenza in portafoglio è circa 7 anni."

AUTHOR: "Invece in termini di uscita, ci sono metodi che preferite o dipende da caso a caso?"

PROFESSIONAL: "Dipende molto dalla tipologia di investimento, diciamo che la dimensione del fondo ci permette di lavorare su piccoli asset, aggregarli per fare poi un'uscita nei confronti di soggetti più grandi. Per farti un esempio, nel settore energetico ci sono molti players grandi che non possono permettersi di spendere effort verso studi di società particolarmente piccole, sta dunque a noi il compito di valutarle e completare il lavoro di aggregazione per l'eventuale vendita ad attori industriali interessati. In altri casi invece le exit saranno verso altri fondi di investimento o magari in alcuni casi investitori istituzionali interessati talvolta ad asset "già lavorati" dal momento che valutiamo talvolta società nel green field, per portarle poi al brown field dopo un lavoro di sviluppo."

AUTHOR: "Il tipo di asset target invece con cosa si identifica? C'è un focus settoriale"

PROFESSIONAL: "Il fondo è abbastanza generalista, abbiamo identificato 4 macro-cluster di settori: uno legato alle infrastrutture sociali legato ai servizi alla persona, ospedali, RSA, scuole, ecc...; una parte relativa alle utilities e renewables principalmente legata al campo dell'energy e le reti di distribuzione di energia; un terzo segmento legato alle comunicazioni

digitali e le relative infrastrutture ed un ultimo segmento legato ai trasporti di smart-mobility, orientato principalmente a mobilità locali ed innovative.”

AUTHOR: “Ottimo. Ora sposterei il focus in ottica pandemia per andare ad analizzare, come anticipato, l'impatto degli eventi del 2020. Il vostro fondo è iniziato prima o dopo? Hai potuto vedere qualche cambiamento particolare di fattori decisionali o nella definizione della strategia in vista di quello che è accaduto?”

PROFESSIONAL: “Il fondo ha avviato le attività dopo, ma quello che ho visto è sicuramente un lieve impatto che può essere identificato come un cambiamento, dovuto allo schock, nelle attività di due diligence che si è modificato per capire quanto effettivamente gli asset siano resilienti a questo tipo di eventi. Prima di unirmi al fondo, ero in gruppo Poste Italiane quando ho vissuto il momento clue della pandemia e posso dire di aver visto che il grosso dell'impatto nel Q2 del 2020. Parlando di attività infrastrutturali, esse non sono state impattate particolarmente e hanno dimostrato grande resilienza dal momento che sono servizi necessari e spesso continuano a lavorare nonostante queste crisi. Chiaramente ne hanno risentito i trasporti, gli ospedali, la ristorazione e tutte quelle attività legate al contatto fisico, ma solo riguardo quello che è stato il periodo legato al lockdown. Sul resto lato nostro, come le valutazioni e le due diligence, si hanno avuto ritardi dal momento che gli incontri sono divenuti più difficili, ma per il resto le conseguenze sono state limitate, anche grazie alle grandi immissioni di liquidità e si è riusciti a tamponare questo momento di crisi economica. Il 2020 ha visto alcuni deal verso fine anno e nel 2021 si stanno recuperando quelli rimandati l'anno prima. Di impatti molto forti forse si può parlare del breve periodo, ma nel lungo non credo si avranno lunghi strascichi rilevanti in questi settori e anche nel nostro caso ci aspettiamo di riprendere la normalità in un futuro non lontano.”

AUTHOR: “Come ultima domanda ti chiederei una domanda riguardo il futuro. Ciò che è successo l'anno scorso avrà un impatto di cambiamento nel lungo termine permanenti o è previsto a breve un ritorno alla normalità?”

PROFESSIONAL: “Sul tema dei deal, alla normalità ci stiamo già tornando. Come ti anticipavo, molti deal li stiamo riprendendo adesso con ritardo e le tempistiche vengono recuperate. Riguardo i capitali dagli investitori istituzionali d'altro canto si sta avendo un boom in quanto c'è necessità di impiegare capitali tramite metodi non più tradizionali e quindi devi comunque

trovare un modo per ottenere rendimento. Tutto si sta riversando su PE, VC e Private debt e strumenti alternativi. Questo tipo di driver esiste nonostante il minimo stop nel 2020, ma sarà comunque ciò che guiderà grossi investimenti nei prossimi anni. Chiaramente chi va ad investire deve prevedere certi tipi di difficoltà e crisi ed apprezzerà sicuramente i business più resilienti, anche se fino a ieri si sarebbero potuti acquistare a prezzi più bassi in quanto forze e debolezze delle società sono emerse in questi ultimi mesi più che mai.”

Equiter 2

AUTHOR: “Come definisci a grandi linee la strategia del fondo e che tipo di attività svolge Equiter? Quali sono i suoi obiettivi principali nei fondi attivi? Potresti gentilmente menzionare variabili strategiche come area geografica, stage di investimenti target, ecc...”

PROFESSIONAL: “Siamo uno degli operatori più consolidati nell’impact investing, con operazioni basati su criteri “finance first”, il primo criterio dunque è sempre portare un rendimento del capitale, ma a questo vogliamo abbinare un ritorno ancillare di impatto sociale a beneficio di comunità o ambiente. È importante sottolineare che ci sta a cuore questo aspetto della strategia che non è di fatto costruito a tavolino per necessità. La strategia devo dirti che è in evoluzione. Storicamente equiter fa due cose: investimenti in campo infrastrutturale, tanto è che dall’ottima performance di un fondo durato 15 anni ha dato inizio a marzo un nuovo fondo dove il payoff del fondo è Infrastrutture, Innovazione ed Impatto. La formula che vogliamo validare che ci permette di distinguerci da altri fondi operativi in Italia, è un’infrastruttura declinata sulla gamba dell’impatto e dell’innovazione tecnologica. Inoltre, sistematicamente sottoponiamo tutti gli investimenti ad una sorta di assessment che facciamo fare esternamente da partner certificati. Di nuovo, questa strategia di investimento non vuole essere opportunistica o dettata dalle circostanze di mercato ma è sistematica, c’è infatti anche un bel filone di attività che stiamo sviluppando su come misurare non solo il risultato finanziario, ma anche l’impatto creato tramite li investimenti. Negli anni abbiamo iniziato a partecipare a bandi della BEI (Banca Europea Investimenti) e siamo un intermediario che gestisce fondi dediti all’innovazione tecnologica. In particolare un fondo che potrebbe essere interessante è RIF (Research Innovation Fund) che fa operazioni di simil-VC: l’application deriva dall’azienda, valutiamo l’adeguatezza del progetto di innovazione e facciamo aumenti di capitale riservato nelle società in cui investiamo acquistando quote di minoranza, prevalentemente in co-investimento con altri partner. Il fondo ha 124 milioni in dotazione e

80 sono già investiti in 12 compagnie e in Italia siamo tra i pochi a fare ticket piuttosto rotondi, sulla ventina di milioni. I beneficiari possono andare dalle start-up, fino alle medie aziende, il discriminante fondamentale è che si impegnino in progetti di innovazione. Nel tempo ci siamo dotati anche di un altro strumento focalizzato nel segmento di scale-up. Oltre ad infrastrutture ed innovazione, facciamo anche investimenti diretti; fino a poco tempo fa c'era proprio una subholding che investiva in energia rinnovabile ma è stata venduta, ora la mission di investimento sta per essere ridefinita e ci sono diverse piste, una delle quali è quella dell'innovazione e in PE molto verticali.”

AUTHOR: “Per quanto riguarda la geografia, i termini di uscita degli investimenti e l’orizzonte temporale degli investimenti cosa sai dirmi?”

PROFESSIONAL: “Geografia: Italia. Gli orizzonti temporali sono abbastanza classici di 3-5 anni salvo le operazioni più acerbe. Parlando di termini di uscita, quella più classica è la trade-sale. Spesso succedeva negli investimenti diretti, talvolta il contratto di exit può prevedere delle finestre temporali di uscita con meccanismi di call/put verso terzi, metodi tipici e fondamentali per investitori finanziari che volenti o nolenti devono uscire.”

AUTHOR: “Ora che abbiamo definite la strategia, vorrei chiederti riguardo alle variabili appena citate, quali sono i fattori più impattati dagli eventi del 2020 e la crisi sanitaria? Puoi declinare la risposta sia dal lato della raccolta fondi, sia lato investimenti che lato operativo?”

PROFESSIONAL: “Lato investimenti in portafoglio, il Covid ha impattato non poco. Per esempio tra le infrastrutture abbiamo una posizione in un fondo immobiliare che gestisce il complesso di tutto il J-Village della Juventus e quello è sicuramente stato impattato per ovvie ragioni durante il lockdown. Il fatto però di aver cercato l’innovazione è anche un mitigant di difendere gli investimenti, ci avevamo visto giusto ed ora più che mai questa è la strada. In generale le attività di investimento non hanno avuto un momento vero di stallo, in particolare le attività di VC da luglio scorso fino ad oggi sono andate avanti e devo dirti che la nostra reattività nel valutare corsie di investimento per poi portarle a termine, non c’è stato un particolare cambiamento. Dalla storia e dai fatti degli investimenti realizzati ho la forte impressione che non sia mancato il coraggio di fare investimenti, anche durante il lockdown. Dunque mi verrebbe da dirti che sì, impatto c’è stato come è ragionevole che sia, ma ha

permesso di focalizzare meglio l'attività e maturare l'importanza di investire in alcuni settori. Oggi la sanità è molto al centro della nostra attenzione.”

AUTHOR: “Per lo scopo della ricerca abbiamo identificato 3 tipi di possibili reazioni. Una chiamiamola difensiva, che prevede un po' per necessità un po' per volontà uno stallo delle attività durante la pandemia; una seconda più passiva nella quale il fondo vuole ignorare la pandemia e rimanere fedele alla propria strategia iniziale; una terza opportunistica che vuole cavalcare l'onda di quelle attività e tecnologie che stanno beneficiando della crisi. Da quanto mi sembra di capire che voi siate orientati verso la terza opzione”

PROFESSIONAL: “Si diciamo che per noi il mercato sta validando una strada che per noi già da tempo abbiamo valutato e risulta essere di fatto positiva. Non ti ho risposto sul tema di fund raising. Attualmente il fondo di infrastructure è in questo step, ha già raccolto 140 milioni ed il target è a 400. Secondo me l'impatto è prossimo a zero, c'è molta liquidità. Questo non vuol dire che sia facile raccoglierli, fino ad ora abbiamo raccolto tutto ciò che era facile da partner che ci conoscono e apprezzano, i prossimi 200 saranno più difficili sì a causa dell'incertezza recente e scrupoli dagli investitori, ma la voglia di investire rimane accesa. Su altri ambiti tipo recovery fund dove noi siamo grazie ai fondi infrastrutturali e strutturali, piuttosto che ad altri fondi di origine europea dove saranno aperti bandi di gara con disponibilità piuttosto rotonde rimaniamo comunque estremamente positivi e vedo un Equiter in grado di attrarre molte masse da gestire e queste di fatto sono tutte risorse innescate ai casini del covid.”

AUTHOR: “Ti faccio un'ultima domanda. Questi tipi di cambiamenti di cui abbiamo parlato, avranno un impatto futuro permanente a lungo termine o si può parlare di una reazione momentanea?”

PROFESSIONAL: “Per me si tratta di un cambiamento del tutto strutturale. Di fatto c'è un prima e c'è un dopo, non vedo un fenomeno di moda del momento e di fatto quello che è accaduto ha messo davanti agli occhi di tutti quello che si sapeva e si faceva finta di non vedere: arretratezza tecnologica e mancanze infrastrutturali nella sanità. Basta pensare alla prima pandemia della SARS un decennio fa in Cina ha creato una discontinuità enorme nel paese che non sarebbe digitalmente così avanzato; il 2020 è stato un momento tristissimo e continua ad esserlo, in Italia siamo spesso indietro in questo genere di cose ma ha creato in cambio quella discontinuità che è del tutto strutturale e sarà destinata a consolidarsi. Nel settore Healthcare

ci sono società un po' inflazionate che cavalcano l'onda del momento, questo è innegabile e talvolta pericoloso ma in termini di mercato di capitali, ma dal punto di vista di struttura del servizio sanitario nazionale ti direi invece di no. Si è capito che la cosa migliore per curare un paziente è a casa, portare gente in ospedale ha dei costi e dei rischi, ora penso si tenderà a fare delle strutture più distribuite e piatte magari innovative e digital-oriented, credo che anche il ruolo di certi professionisti del settore vada ripensato, sono tutte iniziative che richiedono tempo e sono sicuro che saranno cambiamenti irreversibili. Una cicatrice rimarrà nel futuro e viste le carenze del sistema evidenziate recentemente, una percentuale dei flussi di investimento andrà verso il settore sanitario, non solo verso investimenti Venture ma anche in realtà pubbliche già esistenti.”

Tim Ventures

AUTHOR: “Come definisci a grandi linee la strategia del fondo e che tipo di attività svolge Tim Ventures? Quali sono i suoi obiettivi principali?”

PROFESSIONAL: “Sostanzialmente Tim Ventures è un fondo corporate di Venture Capital che ha lo scopo non tanto profittuale quanto strategico. Alla logica finanziaria si associa quella strategica al fine di integrare tecnologie e business affini a tutte le attività di TIM in modo da poterle integrare, se necessario, ad altre società e svilupparle tramite il network di capabilities che TIM possiede. Questo non vuol dire che cerchiamo attività esclusivamente legate alla comunicazione, ma di fatto ci concentriamo su una gamma più ampia di innovazioni.”

AUTHOR: “Mi sai dire qualcosa di più riguardo al portafoglio attuale e alla logica di costruzione?”

PROFESSIONAL: “Al momento le compagnie investite sono quelle che puoi vedere sul sito, mentre nei prossimi mesi stiamo lavorando ad altri due casi. La strategia di investimento è duplice. Investiamo in start-up direttamente o talvolta in altri fondi. Il focus geografico è Italiano per quanto riguarda gli investimenti diretti, per quanto riguarda gli investimenti indiretti invece sono in fondi esteri, Nordgate è americano e ha focus su start-up in fase di scale-up ed ha chiuso il suo percorso di investimenti, l'altro è UVT growth, fondo italiano lanciato con United Venture, e ha come obiettivo il mercato italiano, anche se l'origine delle società non deve esserlo per forza. La sua strategia oggi è di investire in start-up in fase di growth, dunque dal serie B in poi, ed è considerato sempre un fondo investitore strategico.

Tornando agli investimenti diretti di TIM Ventures, anche essi hanno scopo strategico e si orientano in start-up sempre in fase di crescita che abbiano però più a che fare con le linee di business di Telecom Italia, dunque realtà più piccole possono non essere adatte.”

AUTHOR: “Visto che hai parlato di investimenti strategici, dal punto di vista dell’orizzonte temporale, avete intenzione di realizzare le compagnie investite dopo uno sviluppo o di acquisirne una maggioranza per un parziale controllo?”

PROFESSIONAL: “Nel VC la nozione di controllo è un attimo diversa. È difficile fare operazioni di maggioranza in quanto è detenuta dai fondatori, quando poi si procede in fasi più avanzate del ciclo di start-up la società viene diluita in favore degli investitori. Generalmente acquisiamo quote di minoranza, non abbiamo orizzonte temporale preciso, tuttavia i fondi dove investiamo in maniera indiretta hanno una durata di investimento e holding in portafoglio più o meno definita che si conclude con un periodo di investimento che dipende da caso a caso. Riguardo invece Tim Ventures, a causa dello scopo strategico degli investimenti l’ottica di ritorno è in secondo piano a quella di sviluppo e crescita reciproca e per questo l’orizzonte temporale degli investimenti è molto variabile.”

AUTHOR: “Chiaro. Ora ti chiederei invece domande orientate al settore dell’healthcare, che è il focus settoriale della ricerca. Se puoi aiutarmi, cosa mi sai dire a riguardo? Hai avuto esperienze?”

PROFESSIONAL: “Guarda sul mondo healthcare non posso aiutarti molto dal momento che non è un verticale su cui operiamo.”

AUTHOR: “Ok nessun problema. Invece riguardo agli eventi portati dalla pandemia, ci sono state delle conseguenze sulla strategia di investimento? Questa domanda puoi declinarla sia dal punto di vista degli investimenti recenti, sia dal punto di vista della raccolta fondi o dell’operatività giornaliera?”

PROFESSIONAL: “Il fondo è ripartito, dal 2014/2015, nel 2020 con ottica di investimenti di growth (prima era più orientato sull’early stage) e dunque è difficile definire una strategia o un comportamento pre-Covid. Nel 2014 non ero qui, dunque non posso aiutarti molto. Possiamo definire la ripartenza del fondo dovuta al fatto che si è riconosciuto il VC come un mezzo di crescita e rafforzamento del gruppo, decidendo così di tornare ad investire. Riguardo la raccolta fondi, siamo supportati interamente da Telecom Italia e dunque non abbiamo una

vera e propria fase di raccolta. Non so di nuovo aiutarti riguardo la strutturazione del fondo pre 2020 dal momento che non ero presente quando era in processo.”

AUTHOR: “Non c’è problema. Dalla tua esperienza recente, hai avuto l’opportunità di vedere qualche tipo di impatto dovuto alla pandemia?”

PROFESSIONAL: “In realtà posso citarti un esempio, abbiamo partecipazione in We School, una realtà che si occupa di e-learning e come puoi immaginare, è esplosa dopo la prima metà del 2020 causa lockdown.”

AUTHOR: “Parte della ricerca vuole capire infatti il tipo di reazione che i fondi di investimento possono aver avuto. Abbiamo identificato 3 tipi di possibili reazioni. Una chiamiamola difensiva, che prevede un po’ per necessità un po’ per volontà uno stallo delle attività durante la pandemia; una seconda più passiva nella quale il fondo vuole ignorare la pandemia e rimanere fedele alla propria strategia iniziale; una terza opportunistica che vuole cavalcare l’onda di quelle attività e tecnologie che stanno beneficiando della crisi. Puoi identificare la reazione di TIM Ventures in una di queste?

PROFESSIONAL: “Diciamo che facciamo tantissime valutazioni. Uno degli obiettivi di TIM è anche il supporto alla società e al paese nella digitalizzazione. Se vediamo che si presenta un’azienda che sta crescendo, presenta buoni numeri ed è in linea con l’ecosistema nazionale e la strategia di Telecom, viene facile prendere una posizione. Questa cosa, decisa in precedenza al 2020, non è cambiata nel corso dell’anno”

AUTHOR: “Ti faccio un’ultima domanda. Questi tipi di cambiamenti di cui abbiamo parlato, sia del mercato sia in TIM Ventures, avranno un impatto futuro permanente a lungo termine o si può parlare di una reazione momentanea?”

PROFESSIONAL: “Il VC è molto importante, come tutti gli investimenti in innovazione. Deve avvenire, e deve avvenire adesso più che mai. Ci sono importanti segnali nel nostro ecosistema di carenza tecnologica e digitale, come anche sanitaria e tali evidenze sono emerse quest’anno più che mai. Allo stesso tempo aziende, fondi statali e pubblici hanno disponibilità monetarie e sono disposti a voler accelerare la digitalizzazione del paese e lo sviluppo di innovazione. Lo sforzo da parte degli attori esisteva prima ed ora è stato chiaramente accelerato dalle evidenze. Il ritorno alla normalità è difficile da definire. Come operatività giornaliera, anche qui non è certo si tornerà alla classica normalità, basta pensare allo smart-working che

potrebbe diventare molto più usuale. Su tutti i fronti, un segno rimarrà nel lungo termine e la tecnologia chiaramente serverà a mitigare questo cambiamento.

Friulia

AUTHOR: "Come definisci a grandi linee la strategia del fondo e che tipo di attività svolge Tim Ventures? Quali sono i suoi obiettivi principali? Mi puoi parlare delle variabili strategiche principali come geografia, target di investimento, orizzonte temporale, ecc?"

PROFESSIONAL: "Allora, Friulia fa una parte di partecipazioni strategiche, che non sono quelle che ci interessano in primis perché si tratta di infrastrutture, poi ha una parte di portafoglio, circa 200 milioni investiti in una sessantina di azienda, alcune ovviamente sono andate male e si può parlare di portafoglio "nascosto", ma in genere la performance del fondo è buona. Come ho detto sono 60 compagnie partecipate, di cui molte start-up di base industriale che preferiamo rispetto ai software. Oltre a queste start-up, abbiamo anche qualche compagnia notevolmente più grossa con fatturati che arrivano fino a 350 milioni. Sono investimenti di minoranza, con limite al 35% e ticket da 500 mila a 15 milioni, che per una minoranza ti permettono di fare comunque operazioni di un certo tipo. Siamo piuttosto generalisti, i settori che non facciamo sono chiaramente quelli in cui non possiamo (armi, ...), evitiamo il Real Estate. Il fondo di per sé ha 54 anni e hanno visto lungo all'epoca nel portare un certo tipo di investimenti nel territorio. Come focus geografico, possiamo investire in società che abbiano una parte produttiva significativa nella regione, ma non serve che abbiano la sede operativa locale, possono averla anche all'estero. Per quanto riguarda l'orizzonte temporale, abbiamo avuto per molto tempo in passato il format di fare accordi basati su opzioni di put & call, questo continua ancora oggi per l'80% delle operazioni. In seguito al crollo dei tassi di interesse, queste tipo di operazioni ora vengono viste come operazioni simil bancarie, perché di fatto è un finanziamento sebbene si investa in capitale e parlando in particolare di VC si va su un orizzonte di 5 anni. Riguardo ai metodi di uscita, se si fanno degli accordi di put & call, l'imprenditore riacquista spesso le quote alla fine dei 5 anni. Questa è una grande parte degli investimenti che fa Friulia, d'altra parte ci sono investimenti a mercato e da poco facciamo appunto VC, con metodi di uscita classici orientati verso il trade sales."

AUTHOR: "Ora che abbiamo parlato di cosa si occupa il fondo, vorrei farti una domanda specificatamente all'ambito della ricerca. In relazione alla crisi del 2020, come è stata

impattata la strategia di investimento e quali variabili sono state influenzate maggiormente? Puoi declinarmi questa risposta sia in termini di scelta di target di investimento, che di raccolta fondi?”

PROFESSIONAL: “Abbiamo iniziato l’attività di VC poco prima della pandemia. Quello che abbiamo fatto, si basa su due pilastri: uno hai un deal flow che va gestito, due sei un investitore istituzionale e dunque non puoi comportarti in maniera completamente opportunistica. Quello che abbiamo cercato di fare noi, in particolare nelle partecipate gestite da me, è stato lavorare per esclusione, sia nelle attività di PE che di VC. Per esempio, avevamo già partecipato ad una società di palestre che era rischiosa, ma in seguito si sono un po' evitati quei settori un po' più impattati in negativo. Facendoti esempi sui singoli deal, lotty vende online interruttori, molto anche in America, ed ha performato favorevolmente; allo stesso modo Gusto Chef ad esempio anche va molto bene in ottica di ripresa futura dal momento che consegna i prodotti ad hotel e ristoranti.”

AUTHOR: “Sempre a scopo di ricerca abbiamo identificato 3 tipi di possibili reazioni. Una chiamiamola difensiva, che prevede un po' per necessità un po' per volontà uno stallo delle attività durante la pandemia; una seconda più passiva nella quale il fondo vuole ignorare la pandemia e rimanere fedele alla propria strategia iniziale; una terza opportunistica che vuole cavalcare l’onda di quelle attività e tecnologie che stanno beneficiando della crisi. Dove identifichi maggiormente la vostra reazione?”

PROFESSIONAL: “Attendismo sui funding può capitare se non sei tu il leader che gestisce il deal. Se c’è un anchor investor che si ferma, tu ti trovi un po' in una situazione di stallo. Su Neurala, azienda che si occupa di IA e che ha raccolto 24 milioni nella sua storia. In quel caso il funding è iniziato in luglio 2020 ed è stato molto lungo, nonostante ci fossero operatori collaboratori americani con tempistiche tipicamente molto brevi. In generale dunque il funding non si è fermato, ma al massimo ha rallentato leggermente. Il caso anche di Soplayam, che si occupa di matching tra ristoratori e produttori, anche li è stato piuttosto veloce nonostante il periodo che tutti conosciamo del 2020. A meno che non si vada a toccare un settore fortemente impattato, non si verificano veri e proprio stalli nei flussi di investimento. Dunque ci possiamo collocare tra la seconda e la terza opzione, abbiamo cercato di rimanere fedeli alla nostra strategia iniziale, talvolta con dei rallentamenti nel funding che sono stati

inevitabili, anche se leggeri, ma dando uno sguardo di attenzione maggiore ai settori da evitare più che su cui scommettere.”

AUTHOR: “Come ti ho anticipato prima, nella ricerca c’è un focus sul settore dell’healthcare. Cosa ne pensi del settore in ambito VC? Voi avete mai investito nell’industria? Post Covid ritieni che ci possa essere più interesse in questo settore?”

PROFESSIONAL: “Nel VC l’healthcare è qualcosa che deve essere indirizzato a fondi specializzati dal momento che richiede conoscenze molto tecniche. In Italia ce ne sono alcuni, Claris, Innova, ecc ed è necessario avere un advisory board insieme alle giuste conoscenze, altrimenti si rischia troppo. Questo per quanto riguarda lo sviluppo di farmaci e tecnologie relative. Il mercato in generale si è sviluppato molto negli ultimi anni, ha multipli alti e penso che continuerà nel futuro, c’è molto da fare specialmente in Italia, un esempio è Almawave che si occupa di telemedicina che mostra grande potenziale. In un momento come questo di taglio di costi della sanità, in cui ci si rende conto dell’inadeguatezza di certi servizi, il bisogno di piattaforme, sviluppo di diagnostica innovativa e miglioramento di servizi e managed care, l’interesse e il sentimento di urgenza verso questo tipo di necessità aumenterà.”

AUTHOR: “Credi che questo momento di crisi sanitaria possa aver fatto crescere ulteriormente questa attenzione?”

PROFESSIONAL: “La pandemia sicuramente ha accelerato il tutto, i tagli sulla sanità purtroppo li portiamo avanti da 20 anni, ma d’altra parte investimenti in tale ambito porterebbero notevoli tagli ai costi e risolverebbero molti problemi di spesa pubblica ed in questo momento la consapevolezza di queste tecnologie e le loro potenzialità è cresciuta più che mai.”

AVM Gestioni

AUTHOR: “Come definisci a grandi linee la strategia del fondo e che tipo di attività svolge AVM? Quali sono i suoi obiettivi principali con il fondo Cysero e Talent II? Mi puoi parlare delle variabili strategiche principali come geografia, target di investimento, orizzonte temporale, ecc?”

PROFESSIONAL: “Allora attualmente ci sono 4 fondi gestiti da AVM, di cui Talent II ed Impact che sono in raccolta, dunque non ci sono ancora attività di investimento. Oltre questo c’è Cysero che ha iniziato le attività ad inizio 2020 il quale si occupa di cyber security e tecnologia.

Un altro che è Talent che ha chiuso quest'anno il periodo di investimento con 13 partecipazioni ed inizia il periodo di disinvestimento. AVM gestioni vuole targettare con Cysero società di cyber security e robotics, mentre con gli altri, in particolare con il fondo Talent II come continuativo di Talent I, non si vuole avere un target particolare. Investiamo in settori disparati come consumer goods, food and beverage, tecnologia, moda, design ed altre iniziative; relativamente all'healthcare investiamo in aziende che si occupano del benessere della persona, arrivando però a fermarci prima del pharma e sono realtà che si trovano nel fondo Talent. Impact invece targetta compagnie, sempre senza un particolare focus settoriale ristretto, che possano portare non solo ritorni economici, ma anche ritorni in termini di ESG ed impatto sociale sul territorio. Noi ci occupiamo di piccole PMI che vogliono fare build up, facciamo investimenti di minoranza, talvolta operazioni di buy-out, sempre però supportando tramite linee interne ed esterne inserendo anche aiuti al management, sia a livello operativo che strategico al fine di migliorare la gestione, standardizzare le operazioni e crescere organicamente. Ci interessa il suolo Italiano ad oggi, ci è capitato di avere in pipeline qualcosa di estero ma ad oggi il network principale è al nord Italia. Riguardo al metodo di uscita, solitamente vendiamo ad altri attori industriali più grandi o ad altri fondi, posizionandoci in una via di mezzo tra quelli che sono gli angel investors che guardano realtà piccole appena nate e grandi fondi di PE.”

AUTHOR: “Alla luce di quello che hai appena detto, vorrei capire ora quali sono stati gli impatti dovuti alla crisi sanitaria sulle strategie di investimento. Puoi definire l'impatto sia dal punto di vista della raccolta fondi, sia dal punto di vista della raccolta fondo che dall'operatività giornaliera?”

PROFESSIONAL: “Quello che si è visto è che ci sono settori che hanno patito più degli altri, basta pensare ai negozi e gli showroom, altri settori come il food, il medicale o il travel che hanno incontrato difficoltà importanti. Il tema lato AVM è stato anche un tema di consolidare ed aiutare umanamente i momenti difficili passati dai leader delle aziende. Questo però come dicevo dipende da settore a settore. La risposta del fondo nei confronti delle società in portafoglio è stata provvedere aiuti per affrontare le operatività e gestire meglio i costi, creando costi variabili quando possibile o riprogettando strategie di vendite. Chiaramente la pandemia ha impattato, ma la capacità di AVM consiste anche nell'investire in aziende non con scopi speculativi, ma investiamo in aziende solide che permettano una visione di crescita;

crescita che per forza di cose è stata un po' ristretta. Adesso stanno uscendo bilanci del 2020, alcuni aggiustamenti ancora ci sono da fare, non è stato un anno facile, ma ci sono anche realtà che hanno analizzato strategie di crescita per conto loro, l'altro lato della medaglia però mostra valutazioni dei business più basse anche se nei primi mesi del 2021 si è vista una pipeline diversa. Le valutazioni si sono abbassate, margini sono più bassi e chiaramente ci sono state performance alte e basse in base ai singoli casi. In pipeline abbiamo visto molte aziende, ma ovviamente è stato un periodo un po' transitorio dal momento che alcune società target chiaramente si sono trovate ad affrontare altre difficoltà a loro volta non hanno potuto concentrarsi appieno con noi, ma già dai primi mesi del 2021 comunque le attività sono state significative e opportunità di analisi ne abbiamo avute. Ora stiamo valutando molte opzioni, però ovviamente c'è da considerare il tema della raccolta fondi. Il tema qua è diverso, per questo tipo di ruolo si percepisce la necessità di incontrare gli investitori e in quest'ultimo anno abbiamo condotto le attività in smart-working e la raccolta dei capitali per forza di cose si è rallentata. C'è anche da considerare che siamo un fondo abbastanza piccolo e che investe in settori abbastanza "standard", passami il termine. La volontà di investire in generale c'è, ma le dinamiche dei fondi sono particolare, da alcuni può esserci commitment che va a confermarsi solo se si raggiunge una certa soglia ad esempio. Sicuramente il network di AVM è vario, ma da parte di imprenditori privati chiaramente c'è stato un rallentamento dal momento che si sono trovati ad affrontare una moltitudine di problemi. Parlando invece di Cysero, è un fondo molto innovativo e molto peculiare che ha raccolto subito capitali anche da risorse istituzionali. Sicuramente si hanno difficoltà, ma all'interno di esse c'è chi lavora meglio e un fondo del genere di carattere molto innovativo e tecnologico, mostra si rischio ma anche un grande potenziale di guadagno. Magari gli investitori volevano anche qualcosa di nuovo, in ogni caso in pochi mesi abbiamo raccolto molto. La crisi chiaramente ha portato a pensare di posticipare l'apertura di attività di fund raising, uno dice "vabbè spostiamo fra 3-6 mesi" ma in realtà non è stato così. Dal punto di vista operativo invece, abbiamo attivato in un primo periodo lo smart working necessario per continuare le procedure interne, ma per fortuna non siamo molti dipendenti ed ognuno ha le attività definite quindi è stato facilmente gestibile e non c'è stata una grande differenza. Chiaramente le complicazioni ci sono state però niente di gravemente impattante."

AUTHOR: "Tornando alla prima domanda, in termini di investimenti target. Hai potuto notare che ci sia stato un interesse maggiore per certi settori che abbiano potuto beneficiare degli eventi del 2020 oppure siete rimasti fedeli a quella che era la vostra strategia iniziale. Per rispondere a questa domanda abbiamo identificato 3 tipi di possibili reazioni. Una chiamiamola difensiva, che prevede un po' per necessità un po' per volontà uno stallo delle attività durante la pandemia; una seconda più passiva nella quale il fondo vuole ignorare la pandemia e rimanere fedele alla propria strategia iniziale; una terza opportunistica che vuole cavalcare l'onda di quelle attività e tecnologie che stanno beneficiando della crisi. Dove identifichi maggiormente la vostra reazione?"

PROFESSIONAL: "Quello che ho percepito emergere internamente si può collegare al fatto che non investiamo in settori specifici, che è un valore aggiunto in questo periodo; grazie appunto all'essere generalisti ci siamo trovati pronti in questo periodo. Si guarda chiaramente all'andamento di alcuni settori ed alcuni business, ad esempio non abbiamo disegnato settori in difficoltà anche se abbiamo competenze. Cerchiamo anche di capire come sarà un domani il mercato senza soffermarci solo su come performa oggi. I settori in cui abbiamo investito come il design e la moda o il food, sappiamo che torneranno a regime in futuro, sappiamo che le persone torneranno a vestirsi e a mangiare, quindi troviamo comunque solidità e vediamo una ripresa nel futuro. C'è comunque da considerare il fatto che le competenze interne alle aziende ed i prodotti, se validi, torneranno ad avere successo in un secondo momento quando la pandemia sarà un ricordo. Se vogliamo dire, potremmo identificarci tra la seconda e la terza opzione, siamo rimasti fedeli a valutare le società in cui nutriamo interesse, talvolta avviando trattative che magari non sono andate a buon fine per altre ragioni, ma alla fine partecipando spesso anche in club deal, è capitato di valutare realtà tecnologiche ed innovative anche in grado di facilitare la vita dei consumatori in tempi di Covid. Ci è capitato infatti di valutare anche molte situazioni del genere in pipeline ma anche lì, per alte motivazioni possono non essere andate a buon fine."

AUTHOR: "Adesso che ho un'idea del fondo e della sua strategia. Ti chiederei di parlarmi degli investimenti VC del settore dell'healthcare, in termini storici ed in termini relativi alla pandemia e al possibile interesse che venga suscitato in seguito agli eventi del 2020."

PROFESSIONAL: "Dunque il settore è in forte crescita già da prima del Covid. La pandemia ha un po' svegliato il mercato, ma già prima c'erano fondi che iniziavano a focalizzarsi su questa

industria. Esistono dei fondi specializzati piuttosto nuovi come Claris Ventures, ma sono caratterizzati da competenza estremamente specifiche, che è qualcosa che fa la differenza. Un fondo qualsiasi non investe in questo tipo di industria se non è in grado di valutare con attenzione il livello di sviluppo dei prodotti e non ha un board di advisory in grado di raccogliere le competenze necessarie. In ambienti piccoli come AVM, sebbene ci siano dei professionisti con esperienze relative passate, ci viene difficile considerare realtà che vadano oltre al beauty ed al benessere della persona inteso in quei termini. Poi c'è da considerare la natura il tipo di natura di attività di molte società che si occupano in ricerca, anche di qualità, ma da lì alla commercializzazione e alla creazione del business, possono mancare skill imprenditoriali ed è dunque difficile trovare in Italia realtà che attraggono molti capitali. Sicuramente dopo anni e anni di tagli nel settore della salute, si tornerà in generale ad investire ed inoltre la pandemia ha comunque creato la volontà di "farsi trovare pronti" in momenti come questi. Anche la situazione delle infrastrutture può ritenersi molto legata a questo discorso e potrebbe attirare di conseguenza più capitali di quanto non lo facesse prima."

AUTHOR: "Cosa ne pensi sul segno che ha lasciato questa pandemia nel futuro? Si avrà una durata nel lungo periodo o si può parlare di moda del momento?"

PROFESSIONAL: "Il segno lasciato dalla pandemia rimarrà nel tempo, c'è stata molta influenza ed accelerazione che è impossibile pensare che venga ignorata nel giro di un anno. Dall'esperienza che ho posso affermare che il settore del VC nei prossimi 5 o 10 anni continuerà ad avere un'importanza sempre maggiore. In Italia come mercato è ancora poco sviluppato e si sta avvicinando sempre ad un mondo più retail anche lato investitori. Il covid ha aumentato la voglia di sicurezza nelle persone, la gente sarà più propensa ad avere situazioni economiche, in parte quindi ci sarà della risk aversion e magari si tornerà ad investire nel mattone o in asset class sicure, ma d'altra parte per uno sviluppo maggiore sarà necessario investire in innovazione con un occhio di riguardo anche alla creazione di impatto sociale ed ambientale, per ciò spero che saranno proprio gli investitori istituzionali a concentrarsi a riguardo."

Consilium

AUTHOR: "Per iniziare le chiederei come definirebbe in poche parole la strategia di Consilium e le attività che svolge?"

PROFESSIONAL: "Siamo un fondo che investe in aziende di piccole dimensione, talvolta nell'early stage, con focus geografico in Italia. Facciamo operazioni di maggioranza e siamo generalisti, non abbiamo un settore di riferimento specifico in cui investiamo, ma investiamo molto in aziende che rappresentano le eccellenze italiane dunque target industriali manifatturiero in generale, alimentare, moda ecc... Teniamo le partecipazioni con un orizzonte temporale di 4/5 anni, facciamo operazioni volte alla crescita delle compagnie su due assi, crescita organica e build up. Cerchiamo spesso aziende in nicchie particolari, talvolta anche piccole, l'importante è che le realtà possano identificarsi come leader in tali nicchie e che siano volte all'internazionalità nel futuro."

AUTHOR: "Non so se te lo ho menzionato prima, ma parte della ricerca vuole andare a studiare un particolare settore si riferimento, l'healthcare. Avete fatto investimenti in questa industria?"

PROFESSIONAL: "In realtà investiamo poco nel settore. Un esempio si chiama Bouty, che si occupa di distribuzione di farmaci e si occupano anche dell'ultima parte della filiera della produzione di certi farmaci, ma comunque è stato un caso piuttosto singolare. È vero che abbiamo pochi casi, ma non perché non vogliamo in primis ma perché non ci è capitato di analizzare certi target."

AUTHOR: "Se invece ti chiedessi di commentare il mercato dell'healthcare in generale, come lo vedi da un punto di vista storico e da un punto di vista relativo agli eventi del 2020. Vogliamo capire se i fondi da un lato hanno provato a cogliere le opportunità, provando a concentrarsi su un settore che è bersaglio di maggiore interesse a causa della pandemia e della consapevolezza che può aver creato, oppure se si sono comportati in maniera più difensiva e hanno deciso di allontanarsi da questo settore che rischia di essere sopravvalutato."

PROFESSIONAL: "Allora durante il periodo della pandemia, che al momento dura ancora, ci sono stati alcuni settori che hanno sofferto, altri invece ne hanno giovato. In generale c'è stato un impatto vario. C'è stato un forte rallentamento delle operazioni dal momento che è divenuto difficile valutare compagnie e le loro potenzialità, come è anche vero che ci sono

stati ostacoli dal punto di vista prettamente operativo dovuti al lavoro da remoto, ma è anche vero che questo rallentamento è ormai finito e si stanno riprendendo le attività. Molti multipli sono ancora alti a causa della molta liquidità che è disponibile, il debito inoltre è anche ancora molto accessibile. In generale la situazione sta tornando ai livelli di prima dopo un fermo di qualche mese. È anche vero che quando si va a valutare, si considerano anche le aspettative future e, una volta tornati alla normalità, è difficile prevedere cosa ci si può aspettare dal mercato. Mi aspetto che in parte alcuni interessi maggiori in alcuni segmenti nel prossimo futuro, ma non credo ci sia una corsa all'equity di compagnie operanti nell'healthcare come conseguenza alla pandemia.”

AUTHOR: “Alla luce di quello che è successo nell’ultimo anno e mezzo, quali sono stati i maggiori impatti nelle attività di investimento relativi alla crisi?”

PROFESSIONAL: “Sicuramente c’è stato impatto nelle exit. Molte uscite sono state rimandate, spesso le valutazioni inoltre sono attendibili e dunque è difficile vendere al reale prezzo della società, inoltre anche la questione relativa al trovare l’acquirente è piuttosto complessa. Molti investitori nel pieno della pandemia si sono tirati indietro a causa delle incertezze del mercato. C’è stato un effettivo stallo per alcuni mesi. Per quanto riguarda il funding, il discorso è simile, anche qui molti investitori hanno fermato le attività per alcuni mesi in attesa di un momento più adatto ed è stato più difficile raccogliere capitali, sebbene ci sia molta liquidità in giro. Parte del motivo è anche attribuibile infine anche al fatto che non ci si poteva incontrare e lo smart working limita questo tipo di attività.”

AUTHOR: “Ma quindi dice che questo tipo di stallo, o rallentamento, sia dovuto a motivi di scrupolo o motivi di carattere operativo?”

PROFESSIONAL: “Diciamo che la sensazione di anormalità rende gli investitori più prudenti e l’incertezza rallenta tutto. I motivi possono essere entrambi.”

AUTHOR: “Vi è capitato di adattare la vostra strategia di investimento concentrandovi su certi target in maniera diversa dal solito?”

PROFESSIONAL: “In realtà no. Per il tipo di operazioni che facciamo noi in cui acquistiamo la maggioranza della compagnia, è difficile che una società in salute voglia vendere in tempi di crisi. Se invece è disposta a vendere è possibile che non sia così solida come vuol far vedere. Per tornare alla normalità ci vorrà almeno un anno per tornare a regime e dunque per

possiamo dire che siamo semplicemente rallentati dal momento che evitiamo i deal che coinvolgono compagnie molto impattate. Per questo non parliamo di cambi di strategia veri e propri. Parlando invece a livello settoriale, i settori ad alta ciclicità avranno una crescita più accentuata, l'alimentare o il manifatturiero sono piuttosto stabili da questo punto di vista e ci aspettiamo una ripresa nel breve periodo, momento che aspettiamo dunque per riprendere le nostre operazioni normalmente.”

AUTHOR: “Riguardo invece alle aspettative di ripresa sul futuro, come è la tua visione?”

PROFESSIONAL: “In generale ci aspettiamo una ripresa di un paio d'anni, per le aziende che hanno resistito, la situazione sarà ancora migliora poiché i piccoli concorrenti ne usciranno indeboliti. Allo stesso modo ci saranno anche opportunità di aggregazione dei player più resilienti.”

Star Capital

AUTHOR: “Per iniziare le chiederei come definirebbe in poche parole la strategia di Star Capital e le attività che svolge?”

PROFESSIONAL: “Abbiamo due fondi attivi, Star 3 e Star 4, l'ultimo per cui abbiamo chiuso la raccolta fondi nel gennaio 2020, che è ora in fase di investimento con un commitment di 140 milioni, con un portafoglio di 3 compagnie. Star 3 invece è completamente investito. Facciamo investimenti sono di maggioranza e siamo un fondo generalista ed investiamo in PMI italiane nell'industria o nei servizi alla persona, senza escludere nicchie di mercato e compagnie in early stage, ma con significanti vantaggi competitivi. Il focus geografico è Italia. Non investiamo prevalentemente in Real Estate o società capital intensive, l'energetico non lo guardiamo con molto interesse, più invece la manifattura o l'healthcare che hanno competenze più tipicamente che si trovano in Italia. Alla fine del periodo di hold in portafoglio, che dura di solito circa 4/5 anni, rivendiamo con trade sales ad attori industriali, altri fondi o all'imprenditore stesso, che cerchiamo di tenere incluso il più possibile nel management della compagnia. Per anticipare forse una tua domanda, in questo ultimo anno la holding in portafoglio si è un po' allungato di circa un anno. Ora stiamo un po' osservando il mercato dal momento che c'è stata un po' di oscillazione, ma valuteremo in futuro anche IPOs.”

AUTHOR: "Non so se te lo ho menzionato prima, ma parte della ricerca vuole andare a studiare un particolare settore si riferimento, l'healthcare. Avete fatto investimenti in questa industria?"

PROFESSIONAL: "Noi abbiamo investimenti in quel settore, fatti prima del 2020. Ad esempio in particolare abbiamo un'azienda di servizi di contract sale organization per le aziende nel farmaceutico ed una che fornisce soluzioni innovative di monitoraggio di malattie croniche. Non partecipiamo tanto a laboratori di ricerca pura, ma più a compagnie che sviluppano prodotti commercializzabili nel breve tempo o che si occupano di distribuzione, principalmente che ambiscono all'espansione territoriale e di mercato. In generale però siamo interessati nel settore, sebbene escludiamo compagnie che rischiano tempi di profittualità molto molto lunghi per avere in mano PoC o prodotti vendibili."

AUTHOR: "Chiaro. Ora vorrei chiederti se, in vista degli eventi del 2020, ci sono stati impatti nella strategia di investimento. In particolare ci interessa capire questo tipo di influenza sia in termini di investimenti già in portafoglio, sia di investimenti in corso di valutazione, quindi diciamo da un punto di vista di Star 3 e Star 4."

PROFESSIONAL: "Ok, partendo a Star 3, abbiamo sviluppato delle misure correttive al fine di salvaguardare soprattutto la cassa e la liquidità e la gestione del personale delle aziende che abbiamo in portafoglio. Chiaramente gli economics si sono ridotti, insieme alle valutazioni delle compagnie e questo ha portato un allungamento dell'orizzonte temporale delle uscite precedentemente previste di circa un anno. Lo scopo è quello di far tornare i valori delle aziende alla loro normalità, consoni a quelli che erano rappresentativi delle aziende, anche per verificare la validità delle correttive applicate in corso d'opera durante questo 2020. In generale non ci sono stati grandi cambiamenti nella strategia di investimento, diciamo che ci siamo mossi tempestivamente per salvaguardare liquidità e personale delle società fino ad un ritorno alla normalità."

AUTHOR: "Hai menzionato correttive, a cosa ti riferisci in particolare? Di che tipo di correttive vi siete occupati maggiormente?"

PROFESSIONAL: "Diciamo da un punto di vista operativo, abbiamo applicato le isole del decreto liquidità, le garanzie messe a disposizione dal governo, rinegoziato i finanziamenti in essere, tirato le linee di credito quando possibile, tutte manovre con il fine di preservare la

liquidità delle compagnie. Se intendi invece dal punto di vista valutativo, abbiamo adottato degli sconti sui multipli che usiamo trimestralmente per riassumere le performance ed il valore delle società per correggere la volatilità del mercato, senza stravolgere i metodi di valutazione usuali. Tutto questo in ottica di mitigazione per bilanciare i rischi, cosa che abbiamo anche come dovere nei confronti dei nostri sottoscrittori, ma il grosso dei cambiamenti risulta nelle operatività giornaliere delle compagnie investite e nel loro monitoraggio, cosa dovuta anche da decreti amministrativi importanti a cui bisognava adattarsi.”

AUTHOR: “Sempre a scopo di ricerca abbiamo identificato 3 tipi di possibili reazioni. Una chiamiamola difensiva, che prevede un po' per necessità un po' per volontà uno stallo delle attività durante la pandemia; una seconda più passiva nella quale il fondo vuole ignorare la pandemia e rimanere fedele alla propria strategia iniziale; una terza opportunistica che vuole cavalcare l’onda di quelle attività e tecnologie che stanno beneficiando della crisi. Dove identifichi maggiormente la vostra reazione in questo ultimo anno e mezzo?”

PROFESSIONAL: “In generale la chiamerei difensiva da un punto di vista di tutela delle aziende, che sono in condizioni di stress in generale. Se si parla di opportunità di mercato allora ti direi sì, abbiamo sfruttato molto di più canali di vendita online o ibridi che stanno subendo grosse crescita in questi mesi e la avranno nell’immediato futuro. Questo riguardo alle società in portafoglio. Dal punto di vista degli investimenti, effettivamente abbiamo visto qualcosa, ma non abbiamo trovato opportunità interessanti sebbene guardando anche lì società che hanno potuto beneficiare di questi trend positivi dettati dalla pandemia. Principalmente ci siamo concentrati al portafoglio per colmare quei vuoti e quei problemi causati dai lockdown. In termini di settori, adesso non guardiamo fintech o certe tecnologie di cui non abbiamo competenze, ma rimaniamo fedeli a quei settori industriali e talvolta di servizi che sono a noi familiari. Alcuni trend che sono in atto come l’AI piuttosto che non sono i nostri core business, ma allo stesso tempo non le escludiamo ecco; se si presentassero aziende nell’ambito, ma conformi in termini di dimensione ed attività ed altre caratteristiche, sicuramente valuteremmo attentamente.”

AUTHOR: “Un’ultima domanda riguardo al futuro. Cosa ne pensi di questo tipo di influenza della pandemia? Quanto durerà questo impatto? Sia dal punto di vista della gestione delle partecipate, che dal punto di vista della scelta di investimenti? Ti aspetti un’influenza nel lungo o breve termine?”

PROFESSIONAL: "Diciamo che dal punto di vista della gestione, ci aspettiamo un ritorno quest'anno 2021 dopo l'avallamento del 2020, tornando così a valori operativi e di performance simili a quelli del 2019. Dal punto di vista di opportunità di investimento invece, diciamo che le attività riprendono adesso un ritmo quasi normali dopo un forte rallentamento nel 2020. Chiaramente c'è competizione sui prezzi e sui settori interessanti con altri operatori, i rischi scenderanno, c'è anche grande liquidità e perciò vedo le opportunità diminuire. Chiaramente c'è una selezione più meticolosa delle compagnie al fine di migliorare il lavoro di selezione e filtraggio, ma non mi immagino cali di opportunità o comunque grossi cambi di direzione nell'interesse dei settori dove investiamo. Non vogliamo entrare in un trend o un'industria solo per cavalcare l'onda. Chiaramente ci sarà una consapevolezza maggiore dell'importanza di alcuni settori, come l'healthcare, ma prevediamo di rimanere fedeli a quello che abbiamo in pancia sia in termini di portafoglio attuale sia in termini delle nostre competenze, senza escludere comunque a priori nuove opportunità."

Indaco Ventures

AUTHOR: "Per iniziare le chiederei come definirebbe in poche parole la strategia di Indaco e le attività che svolge?"

PROFESSIONAL: "Noi come fondo esistiamo da 3 anni circa, ma siamo lo stesso team che gestiva i fondi di VC di Intesa San Paolo ma ci siamo poi staccati per diventare indipendenti. Gestiamo diversi fondi in ambito seed o early stage o growth. Siamo 5 fondi, il più grande è Indaco I, partito nel 2018, ed ha un commitment di 134 milioni. Ora stiamo per far partire un altro fondo biotech. Siamo una delle realtà più grandi del VC indipendente nella nazione, abbiamo circa 45 partecipazioni ed operiamo in diversi settori, praticamente quasi in tutto, dal medico alle digital o deep-tech companies. Investiamo principalmente in Italia, ma consideriamo anche il suolo estero, ad esempio abbiamo diverse cose in UK o in Israele. Co-investiamo con molti dei principali operatori anche stranieri, fino ad arrivare in USA anche se al momento è meno evidente questa cosa. L'orizzonte temporale degli investimenti è classico, 4/5 anni. Le uscite di disinvestimento che prevediamo sono i classici trade sales ad attori industriali oppure IPOs, talvolta anche fondi o addirittura privati hanno acquistato. Non abbiamo una vera e propria preferenza, dipende un po' dal singolo caso e dalle necessità delle compagnie."

AUTHOR: "Ora che ho un'idea di Indaco, vorrei andare a capire come ha reagito alla pandemia la strategia di investimento, c'è stata qualche variazione o qualche variabile particolarmente impattata?"

PROFESSIONAL: "Allora, è cambiato molto il modo di lavorare. L'anno scorso siamo riusciti a fare molti investimenti nuovi e il non dovere viaggiare e l'essere molto inline, specialmente all'inizio, ci ha permesso di chiudere molte attività pending con efficienza e abbiamo chiuso un numero di investimenti maggiore di quanto ci aspettavamo nel 2020. Si è pagato di più nel 2021. Se non vedi l'imprenditore giustamente diventa più difficile investire, dunque a fine 2020 ed inizio 2021 ci è venuto effettivamente più difficile valutare nuove opportunità. Un'altra parte importante del lavoro è stata quella relativa al portafoglio esistente, abbiamo dovuto fare molto pentole e coperchi. Alcune società hanno beneficiato, altre sono andate molto male e ci sono stati diversi problemi. Ad esempio, per il deeptech in cui sei in fase di studio di prodotti e non hai un legame diretto con il Covid, si sono presentati notevoli ritardi negli sviluppi; nel deeptech quasi tutti hanno avuto problemi nella supply chain specialmente con fornitori asiatici, mentre nel medtech sono stati rimandati molti clinical trials dal momento che gli ospedali erano impegnati ad affrontare la pandemia. Diciamo che le fondamenta di questi settori non sono cambiati, ma sono cambiate le tempistiche e con essi anche i costi. Se si parla invece di raccolta fondi, quella è stata difficile. Molti investitori hanno mantenuto approcci conservativi, si fidano solo di chi conoscono ora più che mai e ci sono stati diversi rallentamenti."

AUTHOR: "Da un punto di vista strategico, hai potuto notare un trend di crescente interesse in certi settori? A scopo di ricerca abbiamo identificato 3 tipi di possibili reazioni. Una chiamiamola difensiva, che prevede un po' per necessità un po' per volontà uno stallo delle attività durante la pandemia; una seconda più passiva nella quale il fondo vuole ignorare la pandemia e rimanere fedele alla propria strategia iniziale; una terza opportunistica che vuole cavalcare l'onda di quelle attività e tecnologie che stanno beneficiando della crisi. Dove identifichi maggiormente la vostra reazione in questo ultimo anno e mezzo?"

PROFESSIONAL: "Diciamo che ci posizioniamo a metà tra la seconda e la terza. Collaboriamo molto con investitori stranieri e partner, molti dei quali hanno fermato tutto, specialmente quelli dal nord Europa. Noi non ci siamo fermati, se i fondamentali sono buoni, bisogna semplicemente avere pazienza, non fermarsi ad investire. Comunque ci sono stati settori che

non si rialzeranno come prima, noi d'altra parte andiamo però a valutare quali saranno i cambiamenti che il Covid porta nel lungo termine e di conseguenza vediamo dove investire. Ad esempio banalmente sappiamo che i canali online saranno più sviluppati e servirà una banda di connessione stabile, allora valutiamo di conseguenza.”

AUTHOR: “Adesso che ho un’idea del fondo, della sua strategia e della reazione che ha intrapreso. Ti chiederei di parlarmi degli investimenti VC del settore dell’healthcare, in termini storici ed in termini relativi alla pandemia e al possibile interesse che venga suscitato in seguito agli eventi del 2020.”

PROFESSIONAL: “Noi crediamo moltissimo in quell’ambito e l’Italia ha una capacità di creare nuovi progetti in maniera incredibile da quel punto di vista ed è una realtà in cui ci sono molte opportunità. Non ci sono molti fondi che lo fanno, ma noi lo facciamo volentieri. Cosa è cambiato? Mentre prima della pandemia si parlava molto di tech, ora si vuole spingere di più verso il pharma. Però ancora nei numeri questo non credo di veda, è più un’impressione dovuta in parte dalla natura dell’industria e alle necessità sorte quest’anno e dalle evidenze sottolineate dalla pandemia. Tutto ciò che è relativo all’oncologia andrà molto bene ed è un trend evidente slegato dalla pandemia, noi lavoriamo molto sulla diagnostica come tecniche di biopsia liquida o riconoscimento degli stage dei tumori.

AUTHOR: “Riguardo al futuro, questo interesse nell’industria ed altri trend legati alla pandemia anche legati ad altri settori, li vedi cicatrizzarsi nel lungo termine oppure si può parlare di moda del momento? Ci sarà un ritorno alla normalità?”

PROFESSIONAL: “Non credo si tornerà come prima, il mondo è cambiato parecchio in questi mesi e non mi aspetto che le influenze dovute dalla pandemia siano state passeggiere bensì rimarranno nel lungo termine.”

Fondo FSI

AUTHOR: “Che tipo di attività svolge FSI? Cosa mi sai dire a grandi linee sul fondo? Come definisci a grandi linee la strategia di FSI?”

PROFESSIONAL: “Investimenti in equity di maggioranza o minoranza, talvolta in partnership con altre istituzioni. Focalizzati sull’Italia e siamo in fase di investimento (iniziato nel 2017). L’orizzonte temporale degli investimenti è leggermente più lungo del solito, sui 4/5 anni a

causa del tessuto industriale in cui opera. Siamo generalisti, non investiamo in alcuni settori come infrastrutture, real estate, gaming o energy; evitiamo tutti quei settori in cui servono competenze particolari che, per natura dell'industria, sono richieste nella valutazione delle imprese.”

AUTHOR: “Per quanto riguarda le uscite, ci sono metodi che preferite?”

PROFESSIONAL: “Di solito le exit sono flessibili, IPO o trade sales.”

AUTHOR: “Quali sono le variabili della strategia cambiate maggiormente durante la pandemia? Puoi definire questi cambiamenti sotto l'aspetto di operatività, raccolta fondi ed investimenti target? C'è qualcosa che è cambiato? Se sì, come?”

PROFESSIONAL: “Allora, domanda complessa. A livello generale, scelte di investimento per noi dipendono dai trend dell'economia generale. Dunque dovremmo chiederci quale è l'impatto della pandemia sull'economia reale. Per forza di cosa certi settori sono più impattati di altri mentre c'è anche chi può giovare dalla situazione, basti pensare a tutte le imprese operanti nell'ICT.”

AUTHOR: “La reazione di FSI in vista degli eventi dell'ultimo anno e mezzo la definiresti neutrale, difensiva o più propensa verso il rischio ed in cerca di “cavalcare l'onda”?”

PROFESSIONAL: “Sembra strano che alcuni fondi possano rimanere neutrali alla luce di quanto successo.”

AUTHOR: “Sono d'accordo con te che sia l'opzione meno probabile, ma se si assume l'impatto della pandemia come relativo solo al breve termine, la reazione trova la sua giustificazione. Inoltre ho trovate testimonianze di professionisti che confermavano di aver visto fondi collaboratori reagire in questo modo.”

PROFESSIONAL: “Ci siamo mossi comunque a come si muove l'economia reale. Direi dunque che la nostra reazione si può definire aggressiva, siamo andati in cerca di opportunità. Sebbene un momento iniziale di “relax” sia stato necessario per capire la portata della crisi sanitaria, abbiamo poi iniziato a modificare le nostre scelte di screening in maniera coerente con quello che pensiamo possa essere il mondo post-pandemia.”

AUTHOR: “Questa modifica verte principalmente nei settori target di investimento, giusto?”

PROFESSIONAL: "Non per forza, anche la gestione del portafoglio attuale è importante e la gestione delle compagnie in pancia deve essere adattata dunque al new normal"

AUTHOR: "Secondo te dunque i target più appetibili quali potrebbero essere?

PROFESSIONAL: "Mondo del digital, delivery, e-commerce, etc..."

AUTHOR: "Invece come vedi il settore dell'healthcare? L'industria può aver affrontato una crescita di interesse dal punto di vista degli investitori?"

PROFESSIONAL: "Come in ogni mercato, in alcune sub-industrie si è verificato un arresto mentre in altre si ha avuto un beneficio. Se voglio andare a fare una visita quest'anno, non è detto che ci possa o voglia andare, dunque per esempio tutti gli ospedali e le cliniche non hanno potuto lavorare come di consueto e talvolta molte facilities sono state convertite per altri usi."

AUTHOR: "Certo, ma se consideriamo pharma, biotech e medical technologies, come li puoi vedere?

PROFESSIONAL: "Sono settori che erano in crescita prima e crescita adesso. Si hanno avuti degli impatti sì, ma limitati a rallentamenti operativi. Per gli investitori c'è chiaramente interesse, ma esattamente come lo era prima. C'è da considerare che sono comunque settori piuttosto rischiosi."

AUTHOR: "Questo interesse può essere causa di hype momentaneo?"

PROFESSIONAL: "No credo sia qualcosa di costante e dovuto alla potenzialità del settore che era presente ben prima dello scoppio della pandemia."

AUTHOR: "Questi trend di cui abbiamo parlato, avranno un orizzonte sul lungo periodo oppure no?"

PROFESSIONAL: "Erano trend di lungo termine già prima dello scoppio della pandemia, che sono stati accelerati da essa. Non parlerei di moda o hype momentaneo. Forse la velocità di implementazione di queste tecnologie e la velocità dello sviluppo di certe industrie potrebbe rallentare in futuro, vista la corsa alla digitalizzazione e l'improvvisa crescita di consapevolezza dell'importanza del sistema sanitario nell'opinione pubblica, ma di sicuro non mi aspetto un declino o una recessione."

6 CHAPTER 6: CONCLUSIONS

6.1 Venture Capital market

Given the analysis of Chapter 4, this last section of the paper wants to summarize the key points emerged in order to conclude afterwards the research with the main findings from the interviews conducted with professionals Venture Capitalists and eventually spot inconsistencies.

Several players characterize the Venture Capital market and as we previously saw, there is a great variability if we look at their main characteristics. This great variability forced the author to split the sample of players into three main categories depending on their *Capital Under Management*, assumed a proxy of the firm size. Regardless this subdivision, characteristics such as maximum and minimum investments, number of active funds, number of portfolio companies or number of executives show anyway a certain variability, indicating the a heterogeneous group of VC firms in the country. Through the most recent data, an interesting trend emerged showing that VC investments, regardless the size of the investing firms, does not differ much in terms of individual amounts. The number of portfolio companies, which shows instead a great variability among VC firms of different size, seems to confirm this fact and we may hypothesize that professional investors tend to differentiate their holdings in order to hedge the risk coming from uncertain markets condition eventually caused by macroeconomic events such the pandemic spreading. Uncertainty though is not scaring investors at all, indeed another database from AIFI resources state that the entire number of active investors, excluded business angels or similar private players, faced an increase of 33% compared to 2019, counting an average of 2.3 individual investments for each operator against 1.6 the previous year. Among the positive trends, one of the few decreasing data that might deserve a mention is the number of foreign investors that is down to 14% compared to the 35% in 2019, showing a clear loss of trust in the Italian markets.

Leaving behind insights about the pool of investors, the text focused on the more interesting topic of Venture Capital deals concluded in 2020. The data show an important response from the Italian VC market, which seemed resilient against the COVID-19 emergency after an initial setback. Confirming the overall values of 2019, the stable amount invested seems to incorporate a significant higher number of deals concluded by both public and private

operators. Again, these growing data confirm the will to implement differentiation strategies as mentioned in the former paragraph, but it may be also a proofing element about a new phase of development of the Italian ecosystem.

Despite the perpetual presence of industry's challenges such as limited number of operators (first top 5 operators accounting for 31% of activities) or the little contribution from universities and research centers, the solid response of VC industry can be seen also through numbers. The total investments in the early stage markets remains stable around 646 million euros in line with values of 2019 and the resilience of the market can be seen also in the total amount invested in *first-round financing*, increasing up 486 million euros from 436 million in 2019. Among the 330 single investments monitored (representing 200 new deals in 2020), overall value that is increased from the previous year, the author could observe a steep increase in the amount of syndicated deals (91 new deals) involving both formal VC operators and business angels, while the deals involving exclusively operators decreased. The data suggest the player's will of sharing and hedging investments risk, preferring syndicated, smaller and numerous investments rather than few bigger bets and the behavior appears to be again in line with the risk-aversion investors' preferences already mentioned. Looking from another perspective, seed capital investments are prevalent with a share of 56%, value doubled from 2019 while startup capital investments and later stage venture deals seems to remain constant and the fact is further confirmed by the smaller average of deals' invested amount (almost -60%) with respect to the previous year.

About target companies instead, the geographical location of invested companies remains in Lombardia (42%) followed by Lazio (11%) and Campania (9%). Geographical concentration shows that the top two countries are an important pole of attraction accounting for more than 50% of the total investments, a date that is increasing from 2019 but confirms the historical trend. Talking about sectors of interest, ICT and Fintech are still the most targeted, but also Healthcare confirmed its prevalence with respect to 2019. Despite the clear evidence, it would be risky to attribute this interest to the pandemic spreading and in fact several respondents will deny the hypothesis, as the interview demonstrate in the next paragraph.

6.2 Interviews Findings

The following lines will report the results obtained by the interviews conducted with 18 professionals with proved experience in Venture Capital firms. The main findings are reported below following the structure exploited in Chapter 5 to describe the main qualitative variables that may characterize an investment strategy. Even if respondents belong to different investment firms, each of which has different peculiarities, all the insights about the following *Strategy Variables* are explained though common thoughts and points of view in order to spot real trends. The key takeaways are the following:

- **Objective:** Unsurprisingly, the final objective of the funds never changes. The majority of times, as one could expect, the final scope of the VC fund is to disinvest its participation in order to gain a profit. Some funds however, flank to economic objective the goal of developing local companies, promoting innovation and development in the country, creating a sort of social impact or helping the management to improve performances through transfer of best practices. Venture Capital firms pursuing these objectives usually are those collaborating with governmental local institutions and, despite representing a small amount of the total, are profit-oriented anyway. Regardless the declination of VC objectives, all the professional confirmed that the primitive objective of the fund never changed, also if the operations were heavily affected by the pandemic emergency. The fact is not surprising and demonstrate that high-level strategies of VC investment funds, even if depending by macro-economic conditions, are thought to be resilient and oriented towards a long-term perspective.
- **Geography:** This variable hardly changed. Another peculiarity that is hard to modify when the fund is launched, is geography. Shifting investment interest towards foreign markets or also towards different Italian regions is not trivial, different regions means dealing with probably unknown network of people and companies or even dealing with a completely new market areas and its players. Only few professional admitted the rising interest towards foreign companies given the uncertain Italian situation, but the majority of respondents confirmed the geography of interest as a constant. Analysis developed in Chapter 4 support the issue, confirming that the concentration of investments remains in few historical regions while abroad deals tended to decrease

in 2020. The fact again is not surprising since, among the several reasons behind geographic focus, network and knowledge of the market are fundamental for the professionals working in the VC funds and suddenly acquiring new capabilities required is nothing but easy. Furthermore, the issue is far more impactful when considering such a complex market as Healthcare, characterized by products requiring high expertise and risky investment decision.

- **Time Horizon:** The variable related to the time horizon of investments behave like the geography and hardly changed, even if the fact need some clarifications. Despite the author had the opportunity to witness some cases of anticipated disinvestments during 2020, these episodes were rare and the majority of respondent admitted that funds did not modified time horizon of portfolio investments, avoiding anticipating or delaying purposely any deal. As mentioned, there are some cases where deals closure was boosted or slowed, but the causes are strictly related to operative reasons, not those of decisional nature. Social distancing policies that force the use of online tools for communications and other practices may indeed influence the periods of negotiation or administrative procedures and so, the whole deal structuring. Again, the immobility of the variable is not surprising. Time horizon for investments is quite a standard (4-6 years) variable and is characterized by lot of flexibility; in addition we should remember that the right period for disinvestment depends highly by circumstances and it goes from case to case, not to mention the possibility to find any buyer. Therefore, it is difficult to draw an investment strategy with precisely defined time horizon and as expected, it results to be not a strongly influenced variable. Talking about the Healthcare sector investors, the issue is far way justified. Despite sectors such as Life Sciences, Medtech or Biotech are desirable targets for early stage investments, decision-making requires a deep knowledge and funds willing to invest are limited, creating indeed limited deal possibilities when looking for buyers or sellers.
- **Maturity of target:** Analyzing the dimensions related to target companies the author noticed a greater level of variability with respect to periods unaffected by the pandemic emergency. Several professional indeed admitted that during 2020, VC funds developed a rising interest for companies characterized by a maturity higher than usual. Of course, Venture Capitalists are not targeting mature companies by definition, but the cause of the shift is clearly attributed to the economic uncertainties

of the market and risk-aversion of investors. A company with already a certain level of development (several employees, experienced management, defined procedures and best practices, etc...) has indeed greater probabilities to success under emergency periods. Furthermore, considering Healthcare companies, the high risk involved in the business and high capabilities required push the issue of company maturity preferences to its limit. This result appears to be the only one in contrast with empirical data stating that *seed investments* accounts for the majority of deals; the fact may be explained through massive governmental funds deemed to younger companies during the emergency while pure VC investors prefer more mature targets, but the incongruence would require further studies.

- **Market of target:** Another variable that might be interested by some sort of variability with respect to normal times, it is the market of interest. One of the main hypothesis of the research was about the possibility of a rising interest in the healthcare sector due to likely profitable companies that benefit from the pandemic spreading. Clearly, some companies saw their performance improved because of rising demand of health-related products and services, but the reality of things is not so simple. Investors admitted that during emergency times, it is quite difficult to assess properly the performance of a company, multiples used for evaluation may not be reliable because of unusual demand peaks and the future state of the company is not easily predictable and investors wants to assure performance in the long term. On the other hand, respondents transmitted a feeling of rising awareness of the necessity and potentiality of such an innovation-oriented sector as the Healthcare and this evidence emerged during the sanitary crisis as never did before. More than the health sector, professionals stressed this concept on the ICT market that faced a similar situation and more than ever, Italian companies understood the urgent need of digitalization. These trends were already inevitable but have been quickened by the pandemic, opening eyes to managers and entrepreneurs now ready to invest in technology to keep the pace of progress.
- **Exit decisions:** Lastly, exit decision is another variable that did not face lot of changes due to the emergency impact in terms of decision-making. Usually, exit options are IPO or trade sales, but the preference depends highly by the availability of actors willing to buy or by other several circumstances that may change case by case. Again, it is not a

matter of Venture Capitalists' optimal decisions rather than a necessity rising from circumstances. If we look this aspect from another point of view, we could observe a market characterized by lot of uncertainty and several players trying to hedge its risk. As already mentioned, some deals have been postponed but operative difficulties are not the only cause, also the low availability of buyers was decisive. Indeed uncertain company evaluations and market conditions hold back the most scrupulous investors so that funds, struggling to find disinvestment opportunities, had to look for alternative sales methods or wait for safer moments and again, among Healthcare companies, the issue is more evident than in other markets.

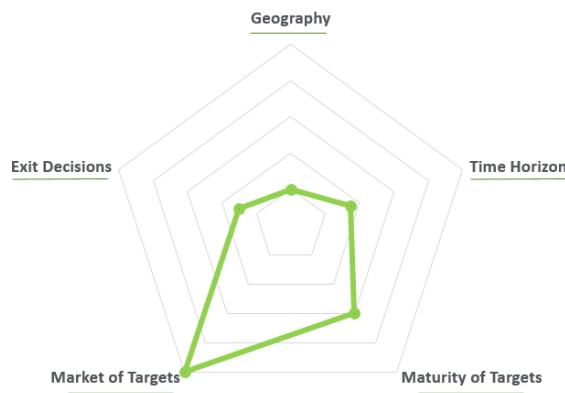


Figure 16: Summary of variability in strategy factors

The other aspects related to possible strategical shifts and caused by the crisis are the previously defined *Investment dimensions*. At an aggregate level, the results may be misleading since each investment fund has its own preferences and way of actions. However, the author could identify some common trends that are reported below:

- I. **Fund-raising:** The fund-raising side of Venture Capital activities is one of the most controversial given the events of last year. On one side, several respondents admitted that in the first months of 2020 VC firms in the phase of fund-raising faced some difficulties, specifically those collaborating with private investors such as business angles. According to professionals, the issues seemed to be caused by the social distancing measures which forced offices to be temporary closed, but also because of the fear towards markets. On the other side, in the last quarter of the year showed an

inverted trend, particularly for fund-raising involving institutional entities. All the postponed activities started again, not to mention the public funds given by government towards companies in case of emergencies (Fondo Rilancio 2020). Therefore, apart from some initial difficulties, VC funds were able to continue fund-raising activities and this is a demonstration of how institutions understood how capital investment are crucial during emergency periods. The massive volumes of 2020 are also confirmed by analysis conducted in Chapter 4 and are interviews' opinion is aligned, even if no particular differences emerged in the specific Healthcare segment.

- II. **Investment decisions:** As supposed before interviews, investment decision and preferences could be the strategy dimension subject to the highest variability with respect to other factors. We already saw how professionals interviewed confirmed that maturity and markets of targets are under reconsideration given the uncertainty of the economic situation in Italy. Funds indeed wants to hedge risk and secure profits, so they prefer to look for more mature companies, specifically if operating in those sectors considered as high-growth potential such as ICT or Fintech. Despite this trend was already existing in recent years, respondent admitted that the interest is constantly rising and the events of 2020 boosted surprisingly the common feeling of positivity towards those market sectors. The fact is not surprising; a majority of SMEs operating in Italy faced a sudden closure of offices and shops, being forced to develop quickly e-commerce platforms, remote working tools or even innovative payment systems. Those tools would have been inevitably implemented in the future, but all respondents clearly highlighted how the emergency accelerated this process. Talking about the Healthcare sector, the situation is a bit different. Life Sciences was an interesting field for early investments, but trends of a growing interest in biotech and pharma did not really existed despite important amount of capital historically invested by several institution, and the same was for clinics and hospitals. The nature of that industry is characterized, generally speaking, by high level of expenses and usually companies operate with the scope of minimize cost avoiding any sort of *emergency buffers* or resource wasting in order to improve the economic situation. Because of this twisted philosophy, several healthcare firms were reluctant to invest in excessive resources or innovative technologies and consequently, funds' feelings could not be enthusiastic if not for rare cases of companies dealing with drugs on semi-advanced

clinical trials. Despite the high level of competencies about those segments in Italy, in the last 3 years the investment interest shifted towards digital-related services or even medical technologies given the shorter time required for marketing of products and the highest probability of success. During the sanitary crisis, both governments and people understood the importance and the necessity of human health and related businesses and the need of an advanced healthcare system in the country. Respondents agree that the rising awareness of the public opinion about health companies will push institutions towards a propensity for higher investment in the industry in the following years, also towards pharma and biotech with a specific attention to post-pandemic diseases care, inverting the “only digital” trend of recent years. In parallel, the overall interest in the in Healthcare raised, not only towards pure science-based firms, but also towards those companies focused on supportive digital services or not traditional health firms. Indeed, Italy governments historically focused its monetary effort towards public health facilities or pharma research, giving less importance to other healthcare segments such as medical technologies or managed-care but in the last periods interest and acknowledgment in those segments raised as well because of both palatability and the higher awareness about the post-pandemic healthcare development necessity.

- III. **Daily operations:** Day-to-day operations is probably the most affected factor inside VC firms. As several other businesses, the majority, if not the total, of the operations have been moved online exploiting smart-working tools, a necessity forced by the governmental measures aimed at containing the virus spreading. All the companies indeed had to adapt their daily routines to *smart-working* practices and remote jobs and VC firms are not an exception. Among the several activities, investors' relations and management team evaluations are doubtless the most affected functions since a direct human contact is crucial. Indeed, build a network and find the proper investors without any direct contact is detrimental, especially if the fund is young and does not have the possibility to demonstrate past success. On the other hand, the possibility to meet the team is another important factor for management evaluation and professional training and the issue is even more damaging if we think about those firms that have as objective also internal development and management aid. However, despite the evident influence of the pandemic spreading on daily operations, we could

observe any strategy change caused by the remote working practices, all the respondent admitted that the new working habits were easily managed with proper tools and the overall impact on firm's strategy remained minimal. In addition, the author could not find any specifically different case in Healthcare-investing firms.

Given the above consideration, gathered the answers from the professionals and considering the analysis results in chapter 4, the research could define a final trend in direction towards which the strategy of Venture Capital firms is oriented. We defined three macro-reaction that are likely to be realistic when supposing about how funds could react: a *defensive* strategy that consist in a permanent stop of investment decision in order to avoid any risk; a *neutral* strategy that ignore circumstances because of its assumed resiliency; and an *aggressive* reaction that wants to exploit the crisis, looking for profitable opportunities. Clearly, these kind of options are not sententious and thresholds between them are blurred, this distinction is merely indicative and has the objective of steering the reader. However, the picture below can summarize the average orientation of VC strategy after the pandemic events.

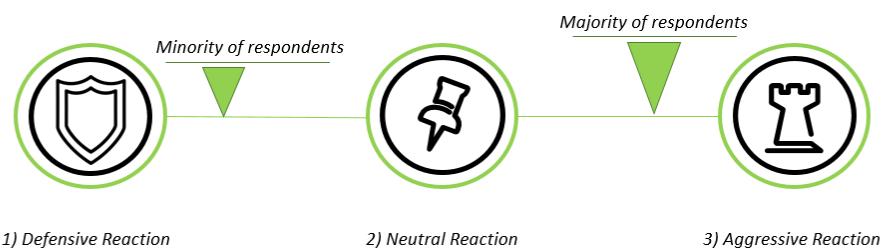


Figure 17: Strategy orientation after pandemic

The majority of respondents confirmed that its fund is willing to adapt, when possible, the investment strategy in order to focus on companies that are more promising than others are due to the recent emergency. The kind of companies that mainly benefited the crisis are those offering digital services implementation, but the interest in certain segments is not only due to future potential growth deriving from higher demand. As already mentioned, also biotech and medical technologies and the healthcare sector in general are under the watch-list of investors given the increased awareness of necessity of the industry. Some funds however, admitted to have stopped their activities for a while during the initial months of 2020, positioning in the first option of reactions. The reasons are strictly related to those obstacles deriving from changes in daily operations routines or, more importantly, to the fear of future

market evolutions. Evaluation of target companies were biased and adjustments may not be completely reliable; furthermore, markets reaction was unpredictable and uncertain, no one could really know what kind of consequences the pandemic could bring and if any waterfall effect would have affected multiple markets. Anyway, these cases of *defensive* reaction were limited to the first half of 2020 and concerned smaller funds; in addition, professionals confirmed that in the last months of 2020 funds started again to operate normally so, given the long-term perspective of a strategy plan, stating that an effective change in the strategy happened would not be completely correct. Finally, none of the respondents confirmed a *neutral* reaction, meaning that every fund had to adapt the pandemic in one way or another. Respondents' witnesses as well as empirical evidences show that the most evident pandemic's influences on companies have an operative nature and so, given the short-term perspective of such influences, we could expect very limited changes in the investment strategy of a VC fund; and that is why this text firstly hypothesized and tested this option. Apparently, the effects of the health emergency were contrariwise such impactful that funds had to adapt deeply to market conditions or alternatively, stop their activities.

To sum up the results, all professionals interviewed agree to the fact that the pandemic emergency influenced the Venture Capital market under several, fundamental aspects that found their origins in economy and society. However, investment funds proved to have answered with a solid reaction, demonstrating resilience and efficiency in front of a global crisis, willing to invest and catch opportunities while showing the world the necessity of investments as a solution of crisis periods.

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