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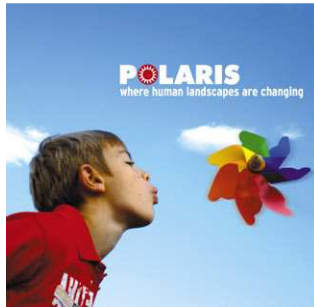
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Il venture capital in Sardegna: il Fondo Ingenium

Francesca Natali

ZernikeMetaVentures





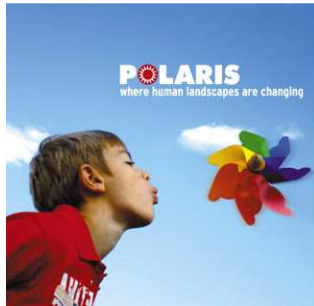
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The Equity paradox (for new&innovative companies)

**The highest is the need to
access capital,
The lowest is the chance to
get it..**





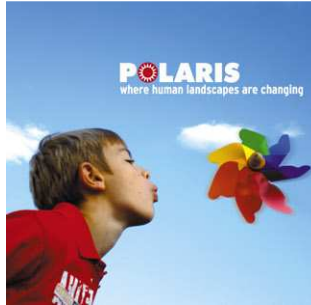
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"I call my invention 'The Wheel,' but so far I've been unable to attract any venture capital."

36 FORBES ■ November 1, 2004



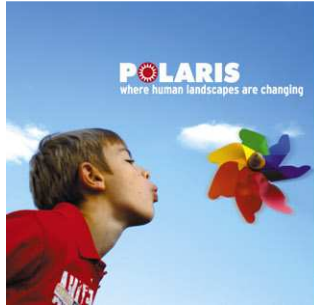
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Innovative Companies:

- do not have out a sound track record
- need years before generating a positive cash flow (no self-financing)
- their Business activity not understandable
- can not provide guarantees
- require a small amount of money

 ***Innovative companies are not appealing for VCs and banks!***



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Equity gap: nature and severity

Demand

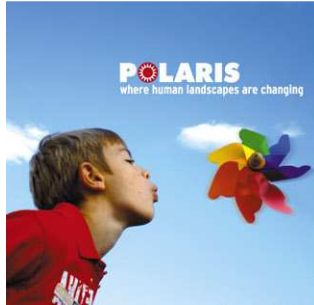
Research versus valorisation & results commercialization
Few big High tech companies
Family Enterprises
Visibility

Supply

Few and not specialized players
Lack of success stories (success creates success!!)

The public Framework

Legal and fiscal environment
Lack of public support
Lack of non financial services



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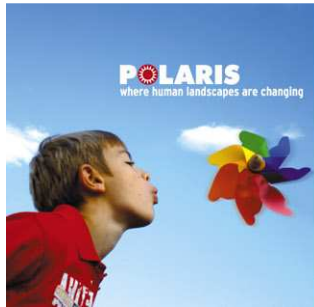
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The Equity Gap: an incurable disease?

The chances for a good start up to access venture capital are few...

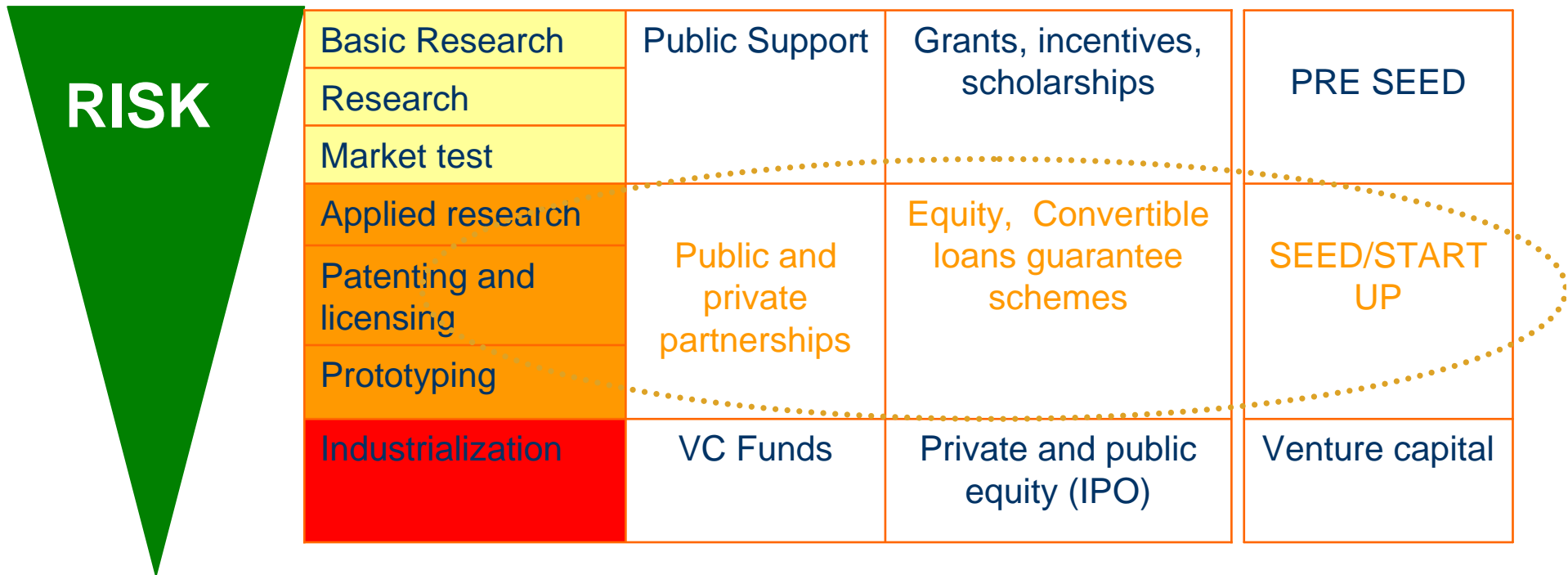


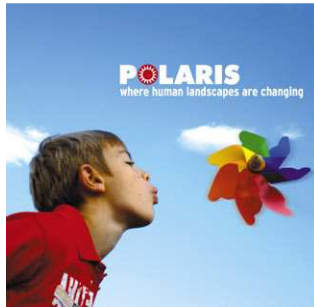
So, can public money be used to attract private investors to cure the disease?



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Why PPT in risk capital financing

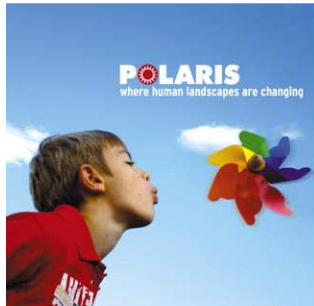




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We need PPP!



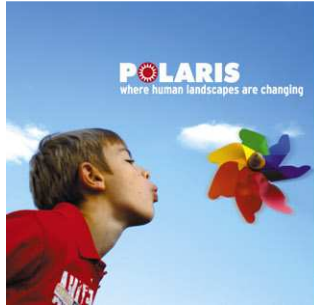
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What is a Public - Private Partnership?

*“A Public-Private Partnership is a co-operative venture, built on the expertise of each partner that best meets clearly defined public needs, through the most appropriate allocation of resources, risks, and rewards. In a public private partnership, the **public sector maintains an oversight and quality assessment role** while the **private sector is more closely involved in actually delivery of the service**”*





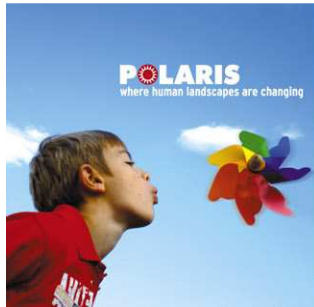
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Sleeping in the same bed with different dreams ...

- ◆ Public investor is focused on economic development. Profit is not a priority
- ◆ Private investor looks for profit

So ... mission impossible??



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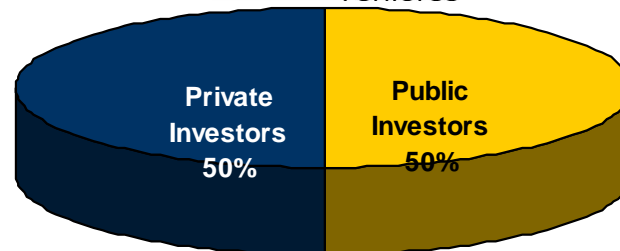
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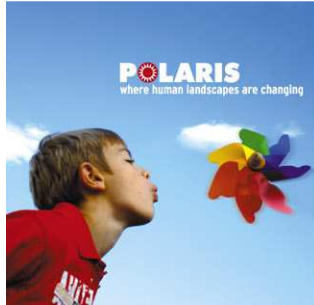
INGENIUM fund Regione Sardinia, an example of a Public-Private Partnership:

Management Company (100% PRIVATE)



The fund





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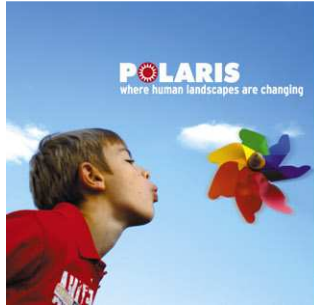
Collateral returns i.e.:

For Public investors:

- ◆ current development policy objectives
- ◆ out-sourcing of services
- ◆ mobilizing private investment
- ◆ independence of operations
- ◆ political objectives

For Private investors:

- ◆ market information
- ◆ fishing pool
- ◆ tax abatements (when available)
- ◆ public relations
- ◆ local development (especially BA)

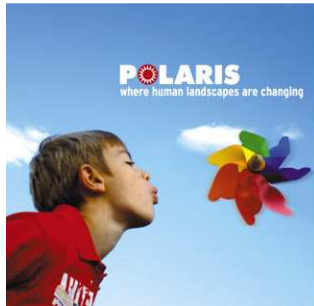


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Conditions to make a PPP acceptable (in early stage finance)

- ◆ Management must be independent and entrepreneurially driven (i.e. in the same state of mind of the investee entrepreneur/company)
- ◆ Investments should conciliate public strategies with private objectives (regional development, environment, equal opportunities etc,)
- ◆ Public authority maintains an oversight and quality assessment role

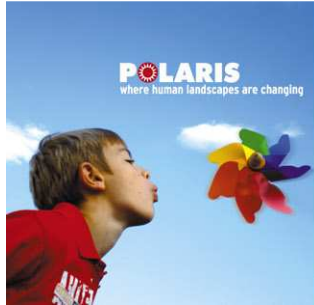


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Ingenium Management Company

- ◆ Ingenium is managed by Zernike **Meta Ventures Spa**, a joint venture by Meta and Zernike Group, with a world wide network (UK, Spain, Slovenia, Australia, Usa and Argentina) and a growing number of seed funds that amount to over €150 million in total.
- ◆ 3 Funds currently under management in Italy:
 - ◆ Ingenium Emilia Romagna: 7 companies in portfolio
 - ◆ ATI PRISMA I
 - ◆ Ingenium Sardinia
- ◆ ZMV contributes at all stages of the investment process: from providing input in the due diligence, through to assisting in post-investment growth.



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Ingenium Sardinia



RISK CAPITAL FUND



SEED FINANCING
For Testing the validity of the business

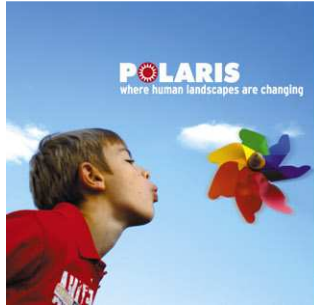


START UP FINANCING
Supporting the commercialisation phase



EXPANSION FINANCING
For accelerating the company growth

**Innovative SM Companies
Located (or willing to be located)
in Sardinia**

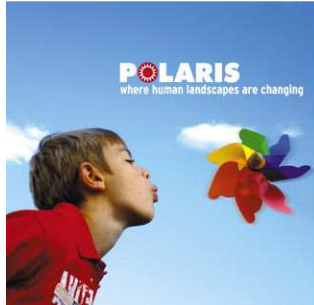


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Ingenium main features

- ◆ **Temporary investment in equity**
 - ◆ **Minority investment (from 20% up to 49%)**
 - ◆ **Investment per rounds (1,5 per company per year)**
 - ◆ **Draw down per milestone**
 - ◆ **Target company must be based in Sardinia**
- Investments in Partnership**



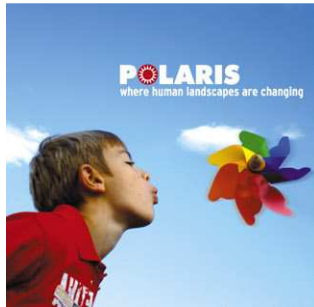
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What Ingenium is looking for?

- ◆ **Management Team well balanced and fully committed**
- ◆ **Market potentialities**
- ◆ **Clear Business model**
- ◆ **Defendable products**
- ◆ **Visible and identifiable exit**

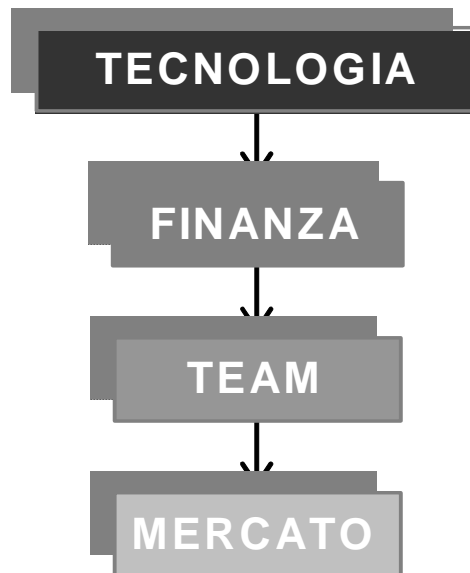




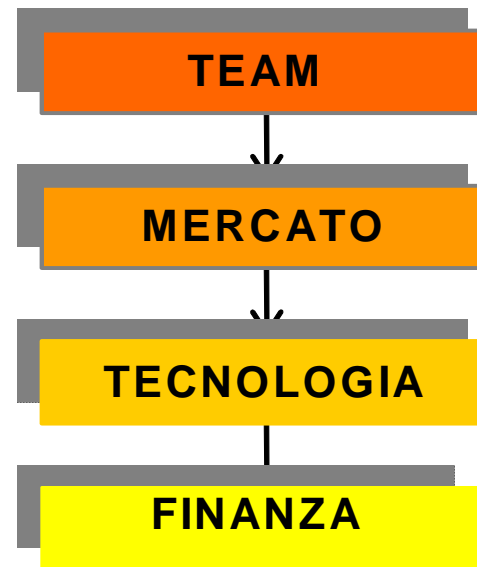
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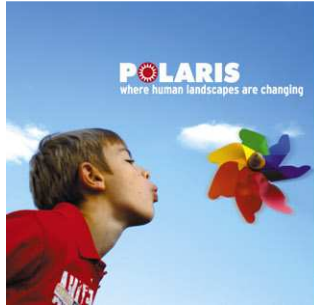
Ingenium due diligence

Venture Capitalist approach



ZMV approach





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Engagement rules (for living happy together!)

Management involvement

- Financial involvement to the round of financing

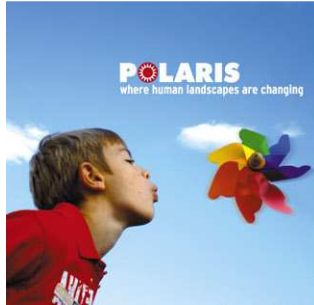
Way-out

- Exit modalities identification
- Milestones identification

Governance

- Drag and tag along clause
- Lock in
- Anti dilution clauses
- Board of directors and statutory auditors member
- Special decision right for extraordinary situations





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Typical reasons for not to invest

Business plan nor realist and entrepreneurial team not trustable:

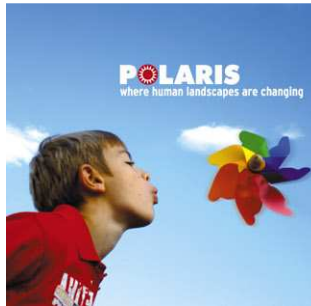
- Market size
- IPR

IRR not appealing for the investors

- Big initial investment
- Poor cash flow
- No way out

Scarce willingness to accept Risk capital investors rules

Non investor-ready!



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Thanks for listening

Francesca Natali

Zernike – Meta ventures Spa

**Pula, Sardegna Ricerche c/o META group
Bologna, ALMA CUBE**

For further information or to apply to the fund please contact:

ZMV on +39 0744 248220/248116 or email

More information on the fund can be accessed via
www.zernikemetaventures.com