

SEP MONITOR - September 2014 Mapping Italian ICT “Scaleups”

Abstract

The **Startup Europe Partnership** mapping & scouting database is focused on “scaleups” — European startups that have been able to break the “early-stage barrier” and are a candidate to become large global companies and real job creators.

This issue of the **SEP Monitor** includes the results of a preliminary analysis of the **ICT startup ecosystem in Italy** and has a special focus on Italian scaleups and exits. We have identified and analyzed 108 startups able to raise \$0.5M+ (of which 9 received between \$5M - \$10M, and 8 more than \$10M)¹. We also reported 32 exits (including five IPOs) with a clear pattern of growth. E-Commerce, Enterprise services, Software solutions and Mobile are the fields that account for the large majority of Italian scaleups.

SEP Monitor is based on ongoing online resource and data mining; results and findings are preliminary.

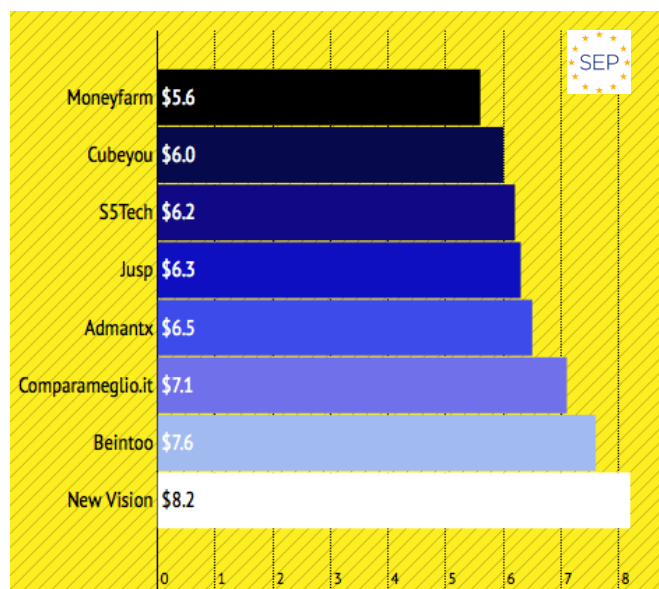
This SEP Monitor reports only ICT companies. Other key areas in the startup ecosystem, such as biotech/life science, hard-tech and cleantech, are currently under investigation and will be reported in a next issue of the SEP Monitor.

Mapping Italian “Scaleups” - SEP Headlines

Over 100 ICT startups in Italy (similar to Spain²) broke the early-stage level in the last 3 years. 17 companies generated or raised more than \$5M.

- The SEP Monitor identified over 100 Italian ICT scaleups that generated significant revenue or received relevant funding (post seed-phase, >\$0.5M in capital raised, with the last round that occurred in the past three years).
 - Approximately 68% of the identified companies raised between \$0.5M – \$2.5M while 17% received between \$2.5M and \$5M.
 - 8% of the scaleups were backed by funding between \$5M and \$10M in the past three years.
 - 7% of the identified companies raised more than \$10M.
- The fastest growing Italian scaleups (measured in terms of capital raised) are [Decisyon](#), [iMedia Comunicazione](#), [Funambol](#) and [Gild](#).

Figure 1: Italian ICT Scaleups that raised \$5M - \$10M (2011-14)



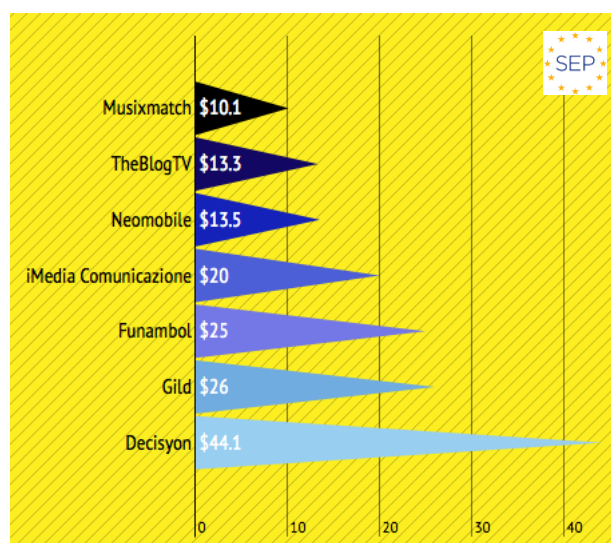
Source: SEP Monitor – September 2014
*Preliminary Data

¹ Numbers include bootstrapped companies with revenue > \$0.5M.

² See SEP Monitor – July 2014.

- [Decisyon](#) raised in total \$44.1M. Founded in 2005 and based in the U.S., the company provides business intelligence and performance management software solutions.
- Established in 2010, Milan-based [iMedia Comunicazione](#) is a wireless media placement agency operating three different lines of business in China: a mobile ad network called “LMMOB”; an enterprise mobile marketing service, “Qi ye bao”; and a self-service ad product, “Bei ke.” The company received in total \$20M from [Kleiner Perkins Caufield & Byers](#) and [IDG Capital Partners](#).
- Backed by \$25M+ investment from [H.I.G Capital](#), [Nexit Ventures](#), [Castile Ventures](#) and [Walden International](#), Italy-born & U.S.-grown [Funambol](#) is a leading provider of white-label personal cloud solutions for mobile operators headquartered in Silicon Valley with a large R&D center in Pavia.
- Three-year-old, [Gild](#) is headquartered in San Francisco with its R&D center in Milan. Gild develops tech-hiring software that helps companies recruit skilled developers by examining their actual work rather than their resumes. This summer it raised \$13.5M in Series B funding led by [Menlo Ventures](#), with the participation of other investors including [Globespan Capital Partners](#), [SAP Ventures](#) and [Correlation Ventures](#). This brings its overall VC-backed capital to \$26M.

Figure 2: Italian ICT Scaleups that raised > \$10M (2011-14)



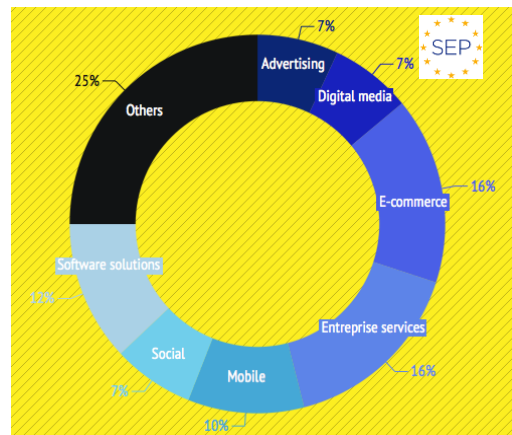
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- As noted with the cases of Decisyon, Funambol and Gild, a large portion of fastest growing scaleups are Italy-born & U.S.-grown (“dual model”)
 - There are a lot of startups that are following this path (such as [Beintoo](#), [Hyperfair](#), [Timbaktu](#)).
 - Still there are startups scaling up in Italy backed by domestic investors ([MusiXmatch](#) is a leading example).
- There are several bootstrapped companies in Italy that turned into scaleups generating revenue. The reference example is [7Pixel](#).
 - Founded in 2002 close to Pavia, [7Pixel](#) is a leader in price comparison and shopping online in Italy. The company, which generates around \$20M in revenue, combines technological, information and marketing knowledge, and creates a complete service in terms of consultancy, planning and implementation in the internet field and search engines. 7Pixel is the owner of the portals [TrovaPrezzi.it](#) and [ShopyDoo.it](#).

E-Commerce and Enterprise services drive the scale-up of the Italian ICT startup ecosystem

- E-Commerce and Enterprise services are the areas with the highest density of Italian ICT scaleups.
 - E-Commerce and Enterprise services together account for 16% of all mapped ICT scaleups.
 - The Software solutions sector attracts about 12% of the companies, closely followed by the Mobile sector which appeals to 10% of the identified scaleups.
 - Combined together, the Social, Digital media and Advertising segments account for the 21% of ICT companies in Italy.

Figure 3: Italian Scaleups by Category

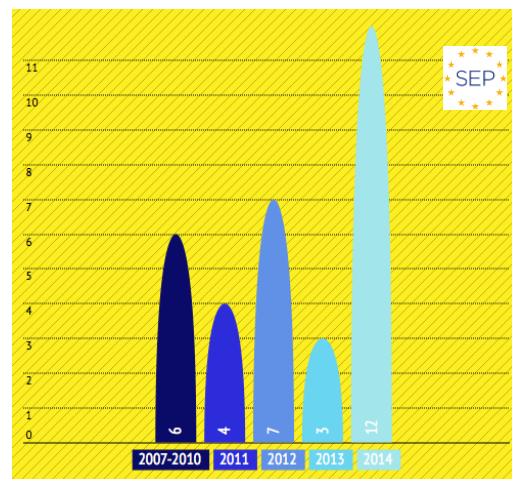


Source: SEP Monitor – September 2014
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27 acquisitions and 5 IPOs reported. 41% of deals “stay home” while 33% are acquired by US companies

- The SEP Monitor identified 32 exits in the period 2007-2014. For nearly half of the deals, the terms remain undisclosed.
- The largest acquisition with disclosed deal size was [Octo Telematics](#) (2014), while the most recent one is [Facile.it](#) (September 2014).
 - [Octo Telematics](#) has been acquired for \$555M by [Renova Group](#) on February 4, 2014. Founded in 2002 in Rome, Octo Telematics develops a wide range of specialist applications for insurance and transport companies, aimed at mitigating risks of fraud and optimizing fleet management.
 - [Oakley Capital Investments](#) acquired at the end of September 2014 a majority stake in [Facile.it](#), Italy’s largest car insurance broker and price comparison website. Established in 2008, the company has demonstrated a strong growth trajectory with revenues of €28.6M in 2013.
- The largest Italian ICT IPOs are [Mutuonline](#) (2007/€200M) and [YOOX](#) (2009/€217M). These companies have now entered the “scaler” category.
- In 2014 we celebrated several IPOs such as [Expert System](#), [Triboo Media](#) and [MailUp](#).
 - Semantic technology company [Expert System](#) raised over \$27M in February 2014 going public on the Italian stock exchange (AIM). The listing is the largest in AIM Italia’s history (€39M was the valuation on the day of the IPO).
 - [Triboo Media](#), a specialist in online advertising strategy and digital publishing, debuted on AIM Italia on March 11, 2014. The company’s IPO raised €24M and had a market value of approx. €64M on the day of the IPO.

Figure 4: Italian Exits per Year (2007-2014)



Source: SEP Monitor – September 2014
*Preliminary Data

- [MailUp](#) debuted its IPO in July 2014 raising €3M. A market leader in the email marketing software industry in Italy, and in business for over 10 years with offices in Milan and Cremona and an international office in San Francisco (CA), MailUp's market capitalization is around €20M.
- The number of exits grew significantly in 2014. While there were 6 exits identified between 2007 and 2010, this number almost quadrupled (26) during the period 2011-2014, with 12 in the first nine months of this year.
- SEP Monitor shows that more than 50% of the Italian ICT acquisition deals have been accomplished by Europe-based buyers that were strongly represented (11 out of 15) by domestic companies. Nine deals were completed by U.S. companies and one acquisition each went to Russia, Japan and South Africa.
- As mentioned, this data does not include biotech and life science companies, areas where Italy has lately witnessed several large exits. Just to mention the most recent and relevant ones:
 - In November 2013 [Clovis Oncology](#) acquired [EOS](#) (founded in 2007 in Milan) for approx. €300M.
 - Gentium (founded in 2005, headquartered in Villa Guardia, Como) was acquired by [Jazz Pharmaceuticals](#) in 2013 in a transaction valued at approximately \$1 billion.
 - [Okairos](#) (founded in 2007 by Italian researchers, headquartered in Basel with laboratories in Naples) was acquired in 2013 by [GSK](#) (GlaxoSmithKline) for approx. €250M.
 - [Silicon Biosystems](#) (founded in 2005 in Bologna) was bought by Italian [Menarini Group](#). Financial details were not disclosed.

About Startup Europe Partnership (SEP)

Established by the European Commission in January 2014, **SEP** is dedicated to transforming European startups into scaleups able to break the early-stage barriers to growth and development by linking them with global corporations in a pan-European entrepreneurial ecosystem. SEP's goal is to accelerate early-stage companies to become global players and real job creators. By participating in the SEP program, global companies can help this process via business partnerships and strategic and venture corporate investments, providing them with access to the best technologies and talents through procurement of services or products, corporate acquisition or "acqui-hiring".

Under the umbrella of the EU Startup Europe initiative, SEP is the first open platform dedicated to support the growth and sustainability of European startups able to compete and raise funds internationally. It is one of the six actions for web entrepreneurs defined in the Commission Communication, "Entrepreneurship 2020 Action Plan" (European Commission, January 2012), and conceived to realize recommendations included in the Startup Manifesto.

Promoted by the European Commission, SEP is led by [Mind the Bridge Foundation](#), a non-profit foundation based in Italy and United States, with the support of Nesta (the UK's innovation foundation), and The Factory campus for startups and mature tech companies in Berlin. Partners include Telefónica, Orange, BBVA (Founding), and Telecom Italia, Unipol Group and Microsoft (SEP Corporate Member), with the institutional support of the European Investment Fund/European Investment Bank Group, Cambridge University, IE Business School and Alexander von Humboldt Institute for Internet and Society. Startup Europe Partnership (SEP) is a Startup Europe initiative. For more info: <http://startupeuropepartnership.eu> | @sep_eu

About SEP Monitor

SEP Monitor is published by Startup Europe Partnership (SEP) in collaboration with [PEDAL Consulting](#) and Ud'Anet. SEP Monitor is based on the Startup Europe Partnership mapping & scouting database that focuses on scaleups. SEP categorizes high-tech companies as indicated below:

Startup: <\$0.5M/1M funding raised in the last three-year period or bootstrapped companies with revenue in this range.

Scaleup: \$0.5M/1M - \$100M funding raised in the last three-year period or bootstrapped companies with revenue in this range.

Scaler: >\$100M funding raised in the last three-year period or bootstrapped companies with revenue in this range.

For companies that exited via M&A, the valuation is the amount that the company got acquired for. For a company that went public, the exit valuation is that on the day of the IPO.

Sources of information include the SEP database, portfolios of VC companies, corporate venture units, business angels, accelerators and active seed and early stage funds, crowdfunding platforms, tech competitions, and other relevant channels.

Research is ongoing and results reported in the SEP Monitor are preliminary and cannot be considered as final. Startup Europe Partnership (SEP) welcomes everybody in the European startup ecosystem to contribute to the research by providing data and indicating cases of scaleup companies and exits to be monitored (contact info: info@startupeuropepartnership.eu).

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SEP is a Startup Europe Initiative

