

Startup
Europe
Partnership



SEP SCALEUP SUMMIT

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SEP SCALEUP SUMMIT



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OPEN INNOVATION BOOTCAMP

CALIN JURMA

European Investment Bank

ALBERTO ONETTI

Chairman Mind the Bridge

MARCO MARINUCCI

CEO Mind the Bridge



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OPEN INNOVATION BOOT CAMP



SEP

SCALEUP SUMMIT

MILAN | MAR 15-16, 2018



Mind the Bridge

Agenda



- ◆ Introduction
- ◆ Open Innovation (OI) Pillars
- ◆ Corporate OI Models: Trends, Case Studies and Comparable
- ◆ Mapping: Open Innovation Readiness
- ◆ OI Strategy: Main Lines of Actions



INTRODUCTION



Who



Marco Marinucci, CEO

- Former Googler
- Serial Entrepreneur

MMarinucci@mindthebridge.com



Alberto Onetti, Chairman

- University Professor of Management
- Serial Entrepreneur (Italy/ Silicon Valley)
- Coordinator of Startup Europe Partnership (SEP)

AOnetti@mindthebridge.com

SOME OF THE **COMPANIES** WE **SERVED**



Our History

From humble beginnings...



2007

Founded as a side project by Googler **Marco Marinucci**, MTB initially focused on developing Italy's (Marco's home country) startup ecosystem, building bridges with Silicon Valley.

Marco brings on board a top notch Board of Directors and **Alberto Onetti**, an Italian university professor with an in-depth startup experience and knowledge of the Silicon Valley ecosystem, as its Chairman.



2008-2012

2009



In five years MTB supports hundreds of startups, runs an incubator in San Francisco and a startup school that produces **50+ entrepreneur graduates per year**, and organizes several of events attended by thousands.

Our History

To today's role



2012

Marco quits Google to work full time on MTB and raises a **seed investment fund (Mind the Seed)**.

MTB adds an **Angel Investor School** and programs for **Corporations**



January
2014

Creation of MTB inc. Group to scale ops. Developed activities **advisory for corporations** (investment + M&A)

November
2013



Mind the Bridge is selected by the European Commission to lead **Startup Europe Partnership: scouting for corporations**

2016



Feeding Corporate Innovation Hunger

We serve the entire Innovation Journey of a Corporation



Who



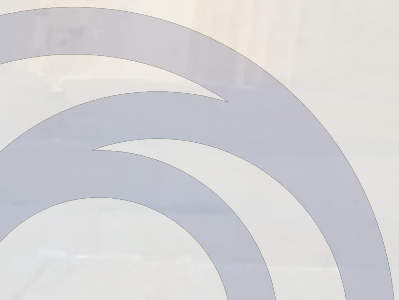
Calin Jurma

- Investment Officer, EIB

c.jurma@eib.org

**THE EIB AREAS OF SUPPORT FOR
CO-INVESTMENTS WITH CORPORATES**

OPEN INNOVATION



Welcome to the New World

"Day 2 is stasis. Followed by irrelevance. Followed by excruciating, painful decline. Followed by death. And that is why it is always Day 1."

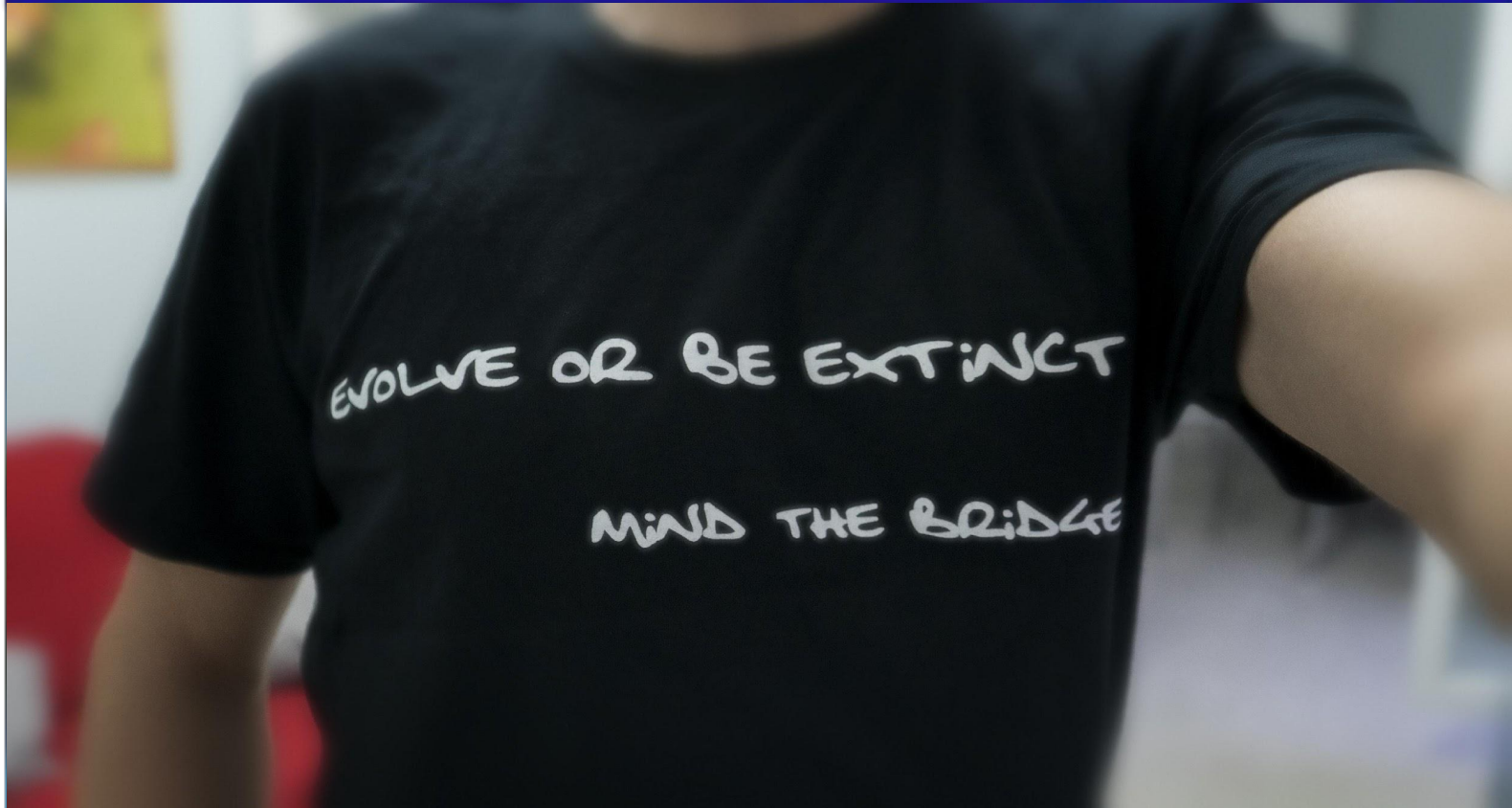
Jeff Bezos



Starter Pack of Essentials for Day 1 Defence

- 1) *customer obsession*
- 2) *a skeptical view of proxies*
- 3) *the eager adoption of external trends*
- 4) *high-velocity decision-making*

Jeff Bezos





Disruption. Time is Now

The banking model is built on cross subsidization. New entrants can attack the profitable slices without offering all services

EXAMPLE

Customer journey: Sending £10k from UK to Europe

TransferWise vs. Santander

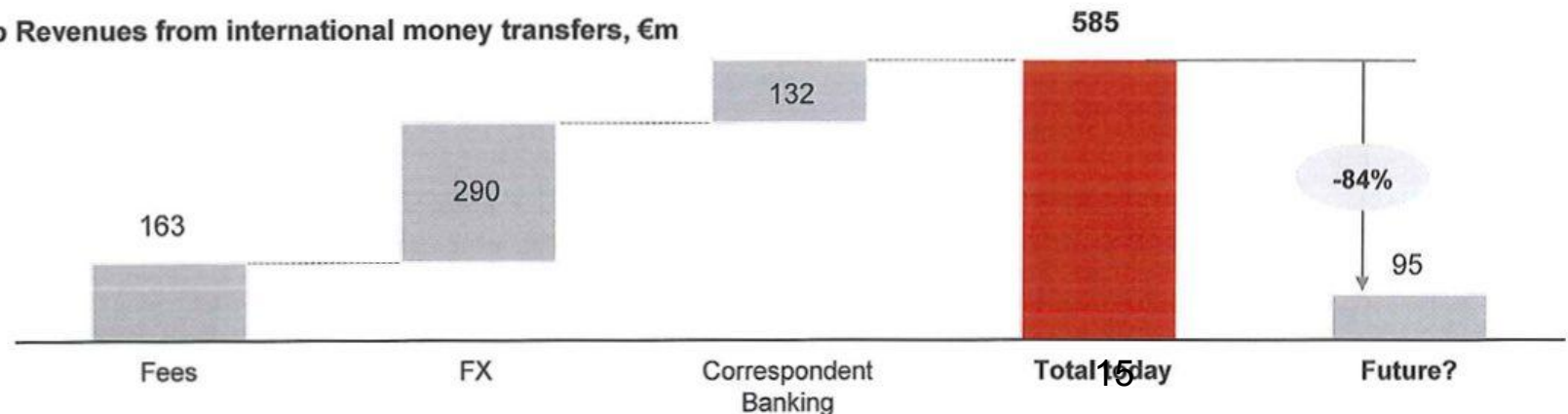
	Fee	FX margin	Total
 TransferWise	£50 ¹	0	€64
 SAN	€106 ²	€288 ³	€394

10% of the Group's profit at risk when international transfers repricing takes place

Revealed: the huge profits earned by big banks on overseas money transfers

An internal Santander memo leaked to Guardian Money says 10% of its global profits come from international cash transfers, and it charges six times more than newer rivals

Group Revenues from international money transfers, €m



Racing Against Time

“The battle between every startup and incumbent comes down to whether the startup gets distribution before the incumbent gets innovation
Insurtechs are becoming insurers faster than insurers can become insurtechs”

Alex Rampell, a16z



About Digitalization

“Don’t just recreate what went before.
Rethink business models, workflows, and processes!”
Tim O'Really



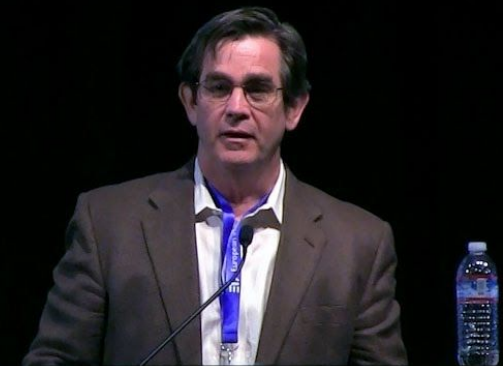
Open Innovation

*“Open innovation is a paradigm that assumes that firms can and should use **external ideas** as well as **internal ideas**, and internal and external **paths to market**, as the firms **look to advance their technology**.”*

Open Innovation: The Survival of the Fittest

Are EU Corporations doomed or can they survive? How EU Corporates are cracking Open Innovation

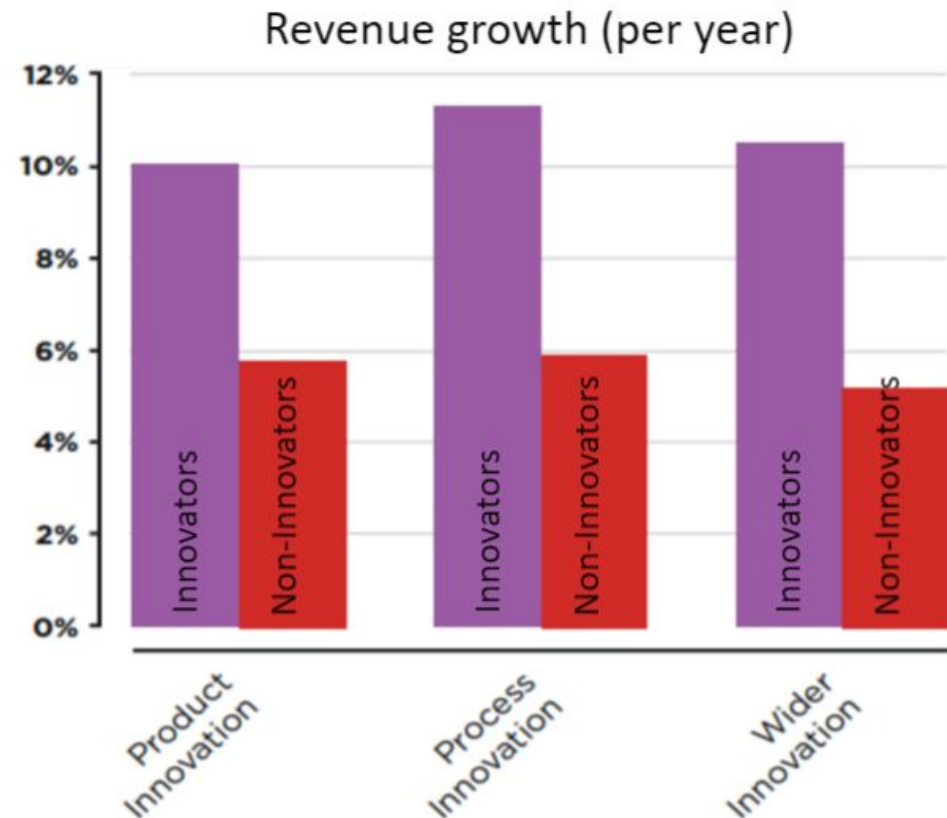
Henry Chesbrough
@SEC2SV EID 2016



Innovation -> Top line growth

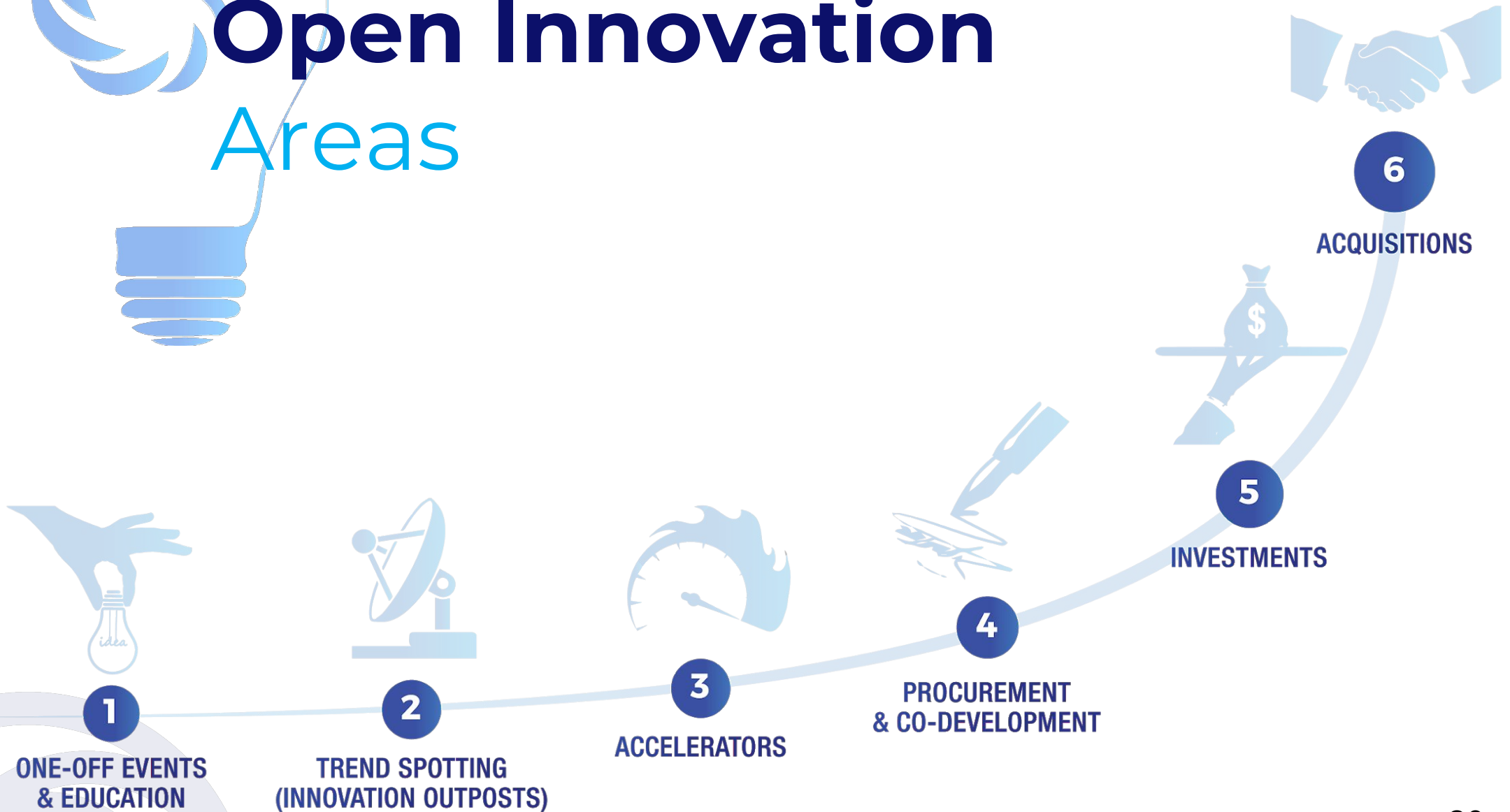
Innovation drives growth

Innovative firms grow twice as fast, both in employment and sales, as firms that fail to innovate





Open Innovation Areas



Engagement from Startup Perspective

ONE-OFF EVENTS AND ACCELERATORS ARE JUST THE MOUTH OF THE FUNNEL
REAL BUSINESS/STRATEGIC OPPORTUNITIES ARE SELECTIVE

150

ONE-OFF EVENTS
& EDUCATION



19

ACCELERATORS



10

PROCUREMENT



3.5

INVESTMENTS



1(+1)

ACQUISITIONS

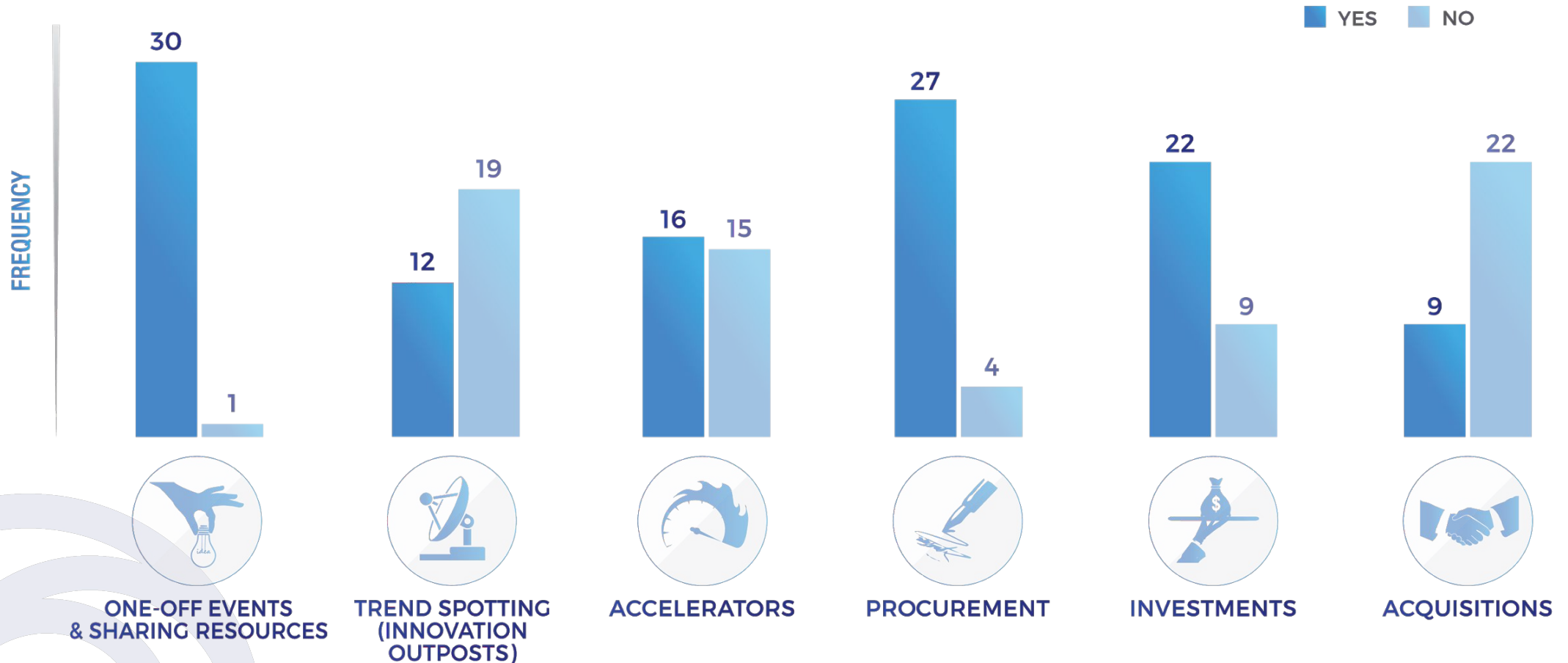


STARTUP ENGAGED
(MEDIAN NUMBER)



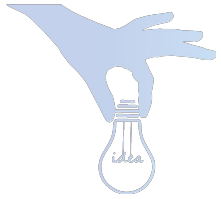
Open Innovation in Europe

Who's Doing What



Open Innovation: Trends

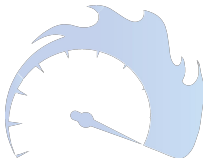
The way corporates are approaching Innovation is innovating too



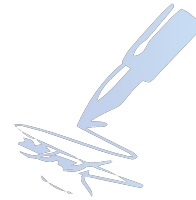
EDUCATION



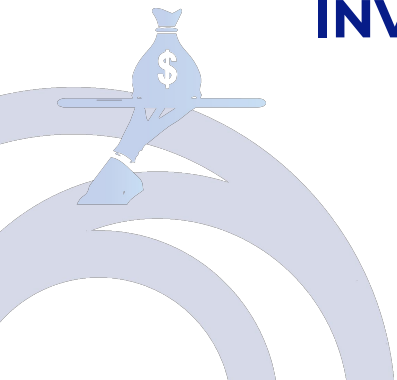
TREND SPOTTING



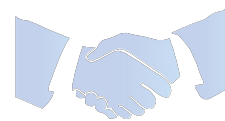
ACCELERATORS



PROCUREMENT/CO-DEVELOPMENT



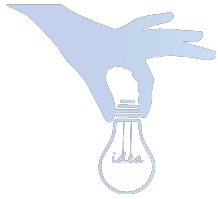
INVESTMENTS



ACQUISITIONS

Open Innovation: Trends

The way corporates are approaching Innovation is innovating too



EDUCATION

Incentive Tech-tourism, Innovation
Excursions and Open Innovation
classes are booming.



STARTUP EUROPE
comes to **ISRAEL**



STARTUP EUROPE
comes to
SILICON VALLEY

Open Innovation: Trends

The way corporates are approaching Innovation is innovating too



TREND SPOTTING

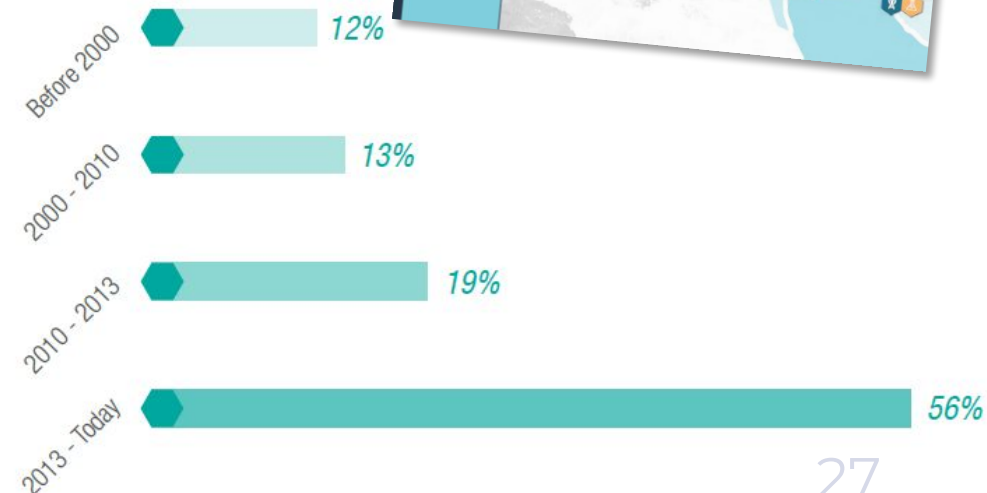
Flexible Innovation: antennas in the main hotspots (**Silicon Valley**, Israel, London, Singapore/Hong Kong).

Innovation Outposts in Silicon Valley



56% HAVE ESTABLISHED AN OUTPOST IN THE LAST 3 YRS.

TREND: TIME IS NOW (LEAN STRUCTURES)



DEPTH OF OPERATIONS

Corporate Innovation Antenna

CVC Outpost

Innovation Lab

Corporate R&D Center

BBVA **BASF** **sky** **SIEMENS next 47**

NOKIA **BOSCH**

Harford Steam Boiler **AXA Strategic Ventures** **AV**

Shell **TOTAL** **BMW**

innogy **HELLA VENTURES**

AIRBUS **ABB**

BOSCH **SIEMENS**

SAP **VOLKSWAGEN**

Schneider Electric **GROUPE RENAULT**

BAUER **Mercedes-Benz**

ERICSSON

LUXOTICA **Nestlé**

SANOFI **DELPHI**

edf

enel **PHILIPS** **NXP**

arvato BERTELSMANN **BOUTOURS**

Munich RE **BT** **swisscom**

Groupama **RBS**

AVIVA

PSA GROUPE **Telefonica** **orange**

AXA **BNP PARIBAS**

Capgemini **pwc**

TREND: CROSS INDUSTRIES (AUTOMOTIVE/FINANCE/UTILITIES)



Focus: Innovation Outposts in SV

TREND: LEAN STRUCTURES

TREND: SAN FRANCISCO
RATHER THAN THE VALLEY

EU Corporate Innovation Outposts in Silicon Valley: Depth of Operation



18%
Corporate R&D Center



30%
Corporate Innovation Lab



26%
CVC Outpost

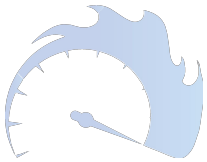


26%
Corporate Innovation Antenna



Open Innovation: Trends

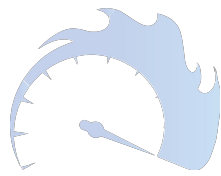
The way corporates are approaching Innovation is innovating too



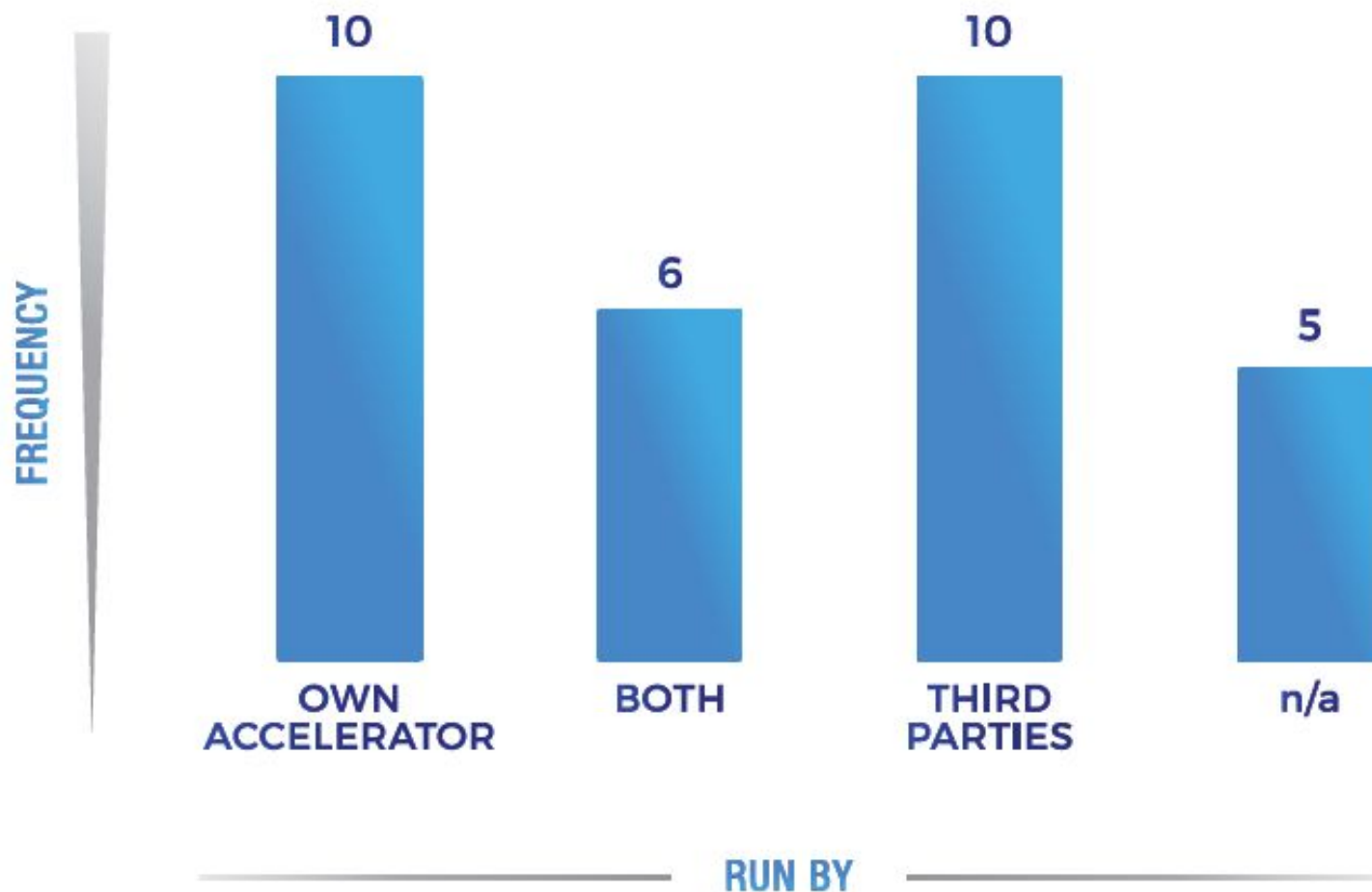
ACCELERATORS

Growing concerns about IRR
Outsource: from internal corporate initiative to 3-party managed shared vertical accelerators.

Corporate Accelerators



GROWING CONCERNS ABOUT IRR
POOR RESULTS BY ENGAGEMENT WITH (TOO) EARLY STAGE STARTUPS
TREND: OUTSOURCING ACCELERATION PROGRAMS TO THIRD PARTIES
(OR PARTICIPATING IN THIRD PARTIES RUN PROGRAMS)



Transversal is the new Black

Insurtech/Automotive Global Matching Program

A Deal-Oriented scouting and preparation program in San Francisco, for highly innovative startups in the Insurtech/Automotive verticals. It culminates with 2-day demo day + highly curated 1:1 Corporate<>Startup Matching Meetings.

Confirmed Corporates include



The Program

1
SCOUTING

600+
insurtech &
automotive
startups WW

2
SELECTING

100+
invited
in SV

3
FILTERING

Preparing
Executive
Summaries

training
startups

4
PITCHING

Invitation-only
demo day
event

5
MATCHING

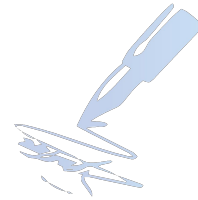
1:1 Matching
Corporates-
Scaleups

6
DEAL-MAKING

Facilitating
the deal

Open Innovation: Trends

The way corporates are approaching Innovation is innovating too

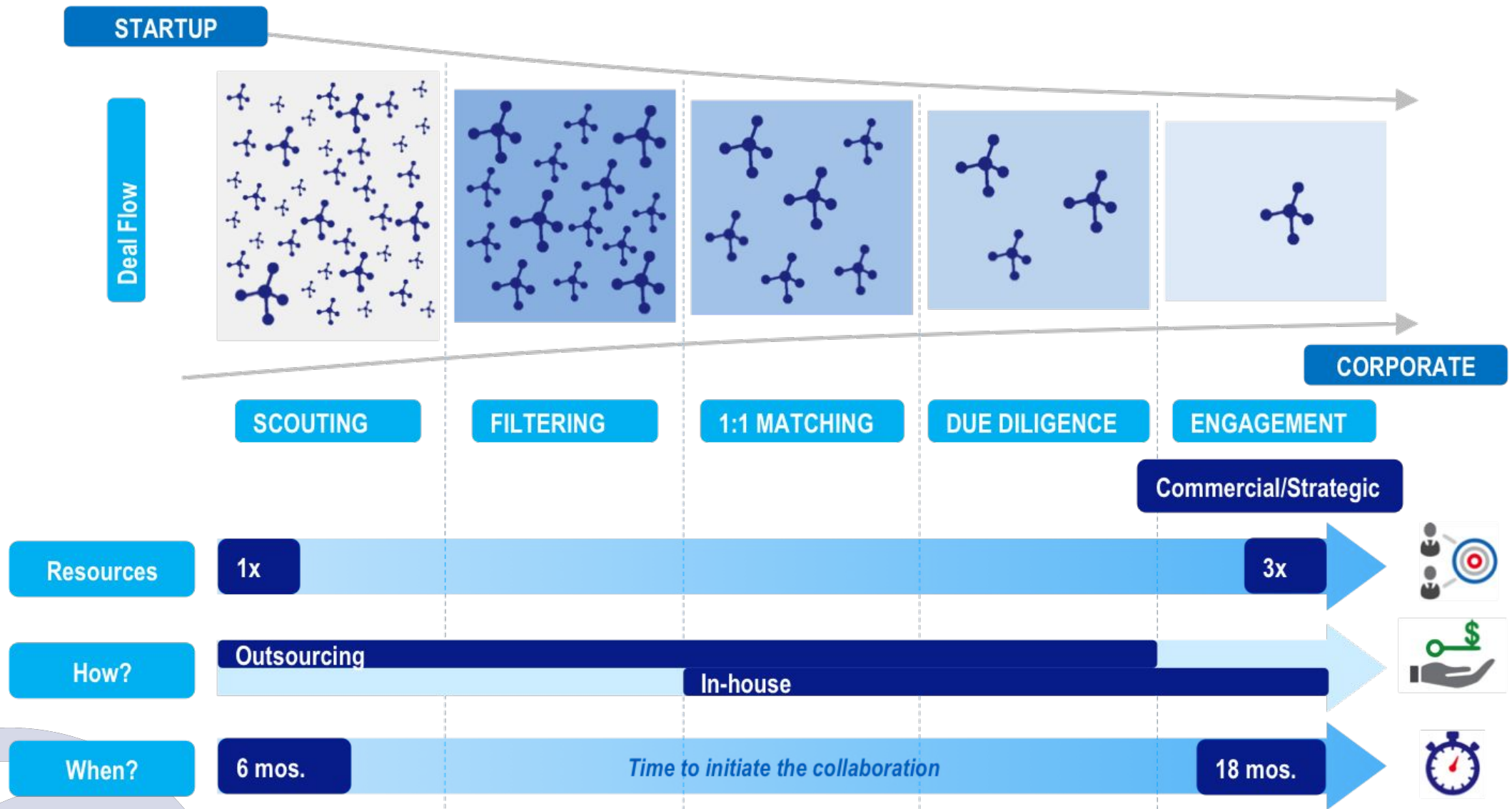


PROCUREMENT/CO-DEVELOPMENT

Focus 100% on integration with Business Units.

Outsource the Scouting (and sometimes the Negotiation).

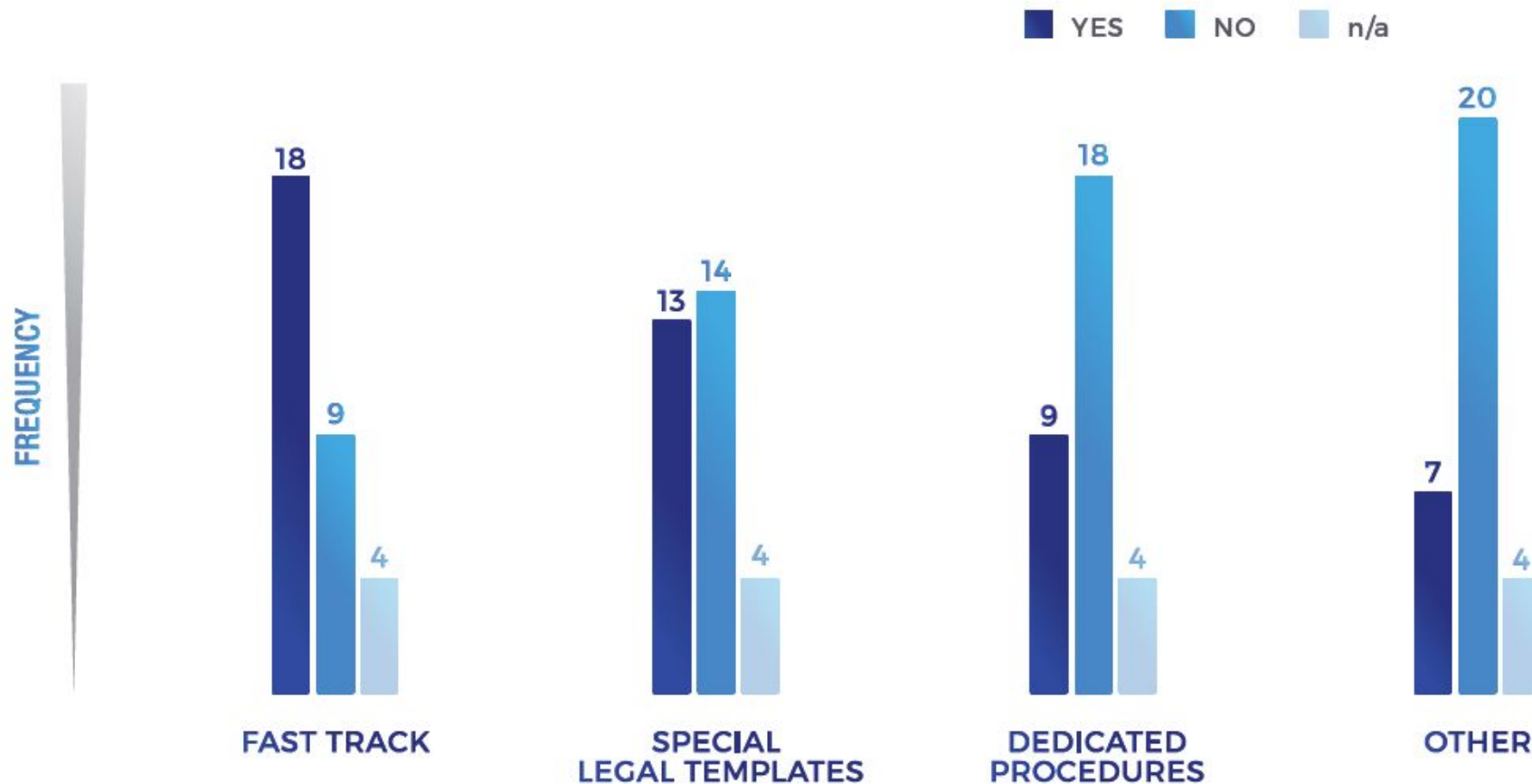
Open Innovation: Phases / KPIs



Startup Procurement

COMMERCIAL ENGAGEMENT IS THE MOST EFFECTIVE OI STRATEGY
PROCUREMENT FROM STARTUPS IS OFTEN 'NON-STANDARD'
AND REMAINS A PROTRACTED PROCESS.

TREND: POC/PILOTS/CO-DEVELOPMENT WITH LATER STAGE STARTUPS



Open Innovation: Trends

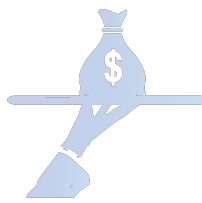
The way corporates are approaching Innovation is innovating too

INVESTMENTS

Less CVCs (spawn-outs).
More off-balance investments.

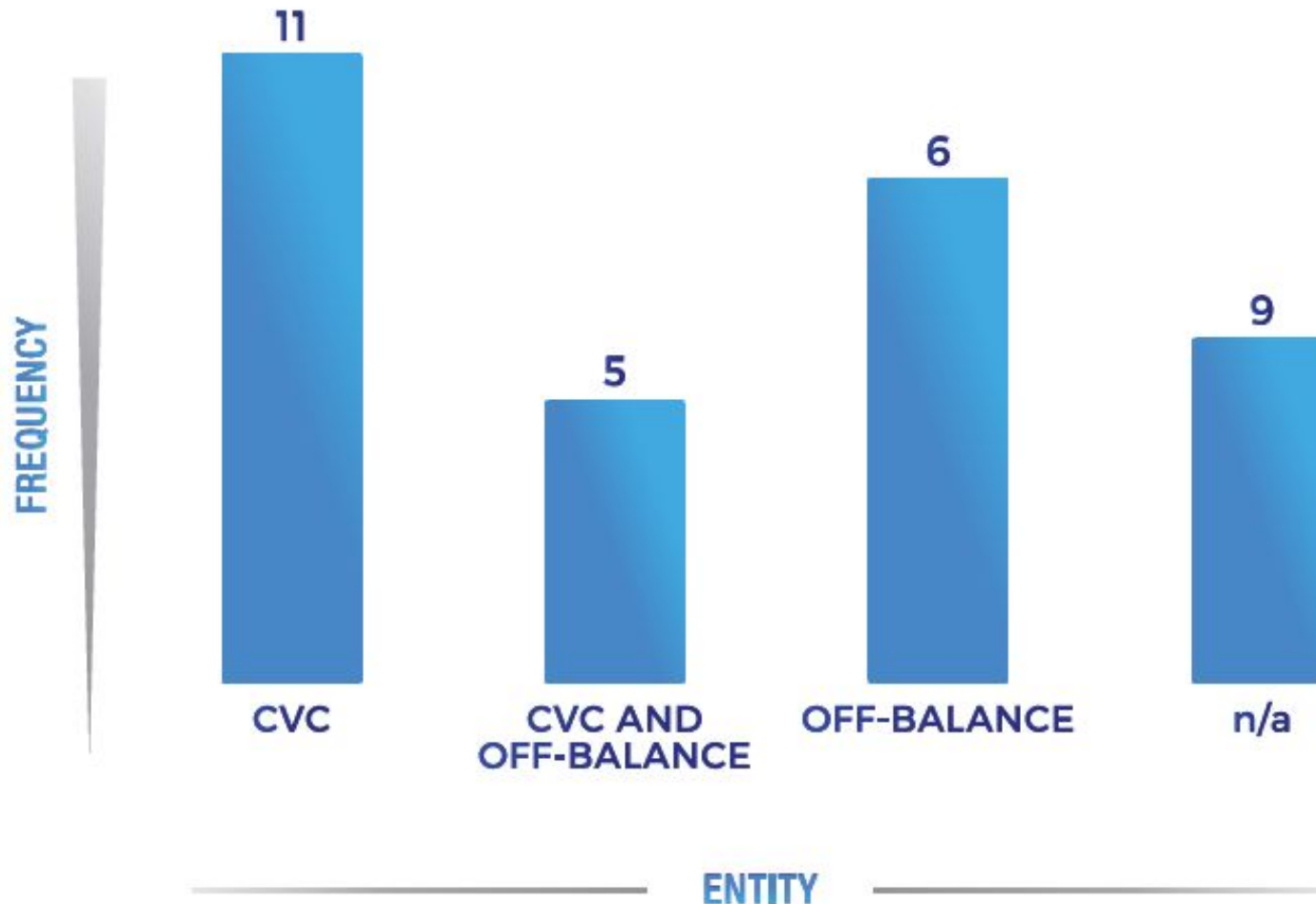


Startup Investments



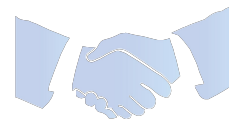
CVC FUNDS: CONCERNS ABOUT IRR/STRATEGIC ALIGNMENT

TREND: GRADUAL REDUCTION OF THE USE OF CVC FUNDS
IN FAVOR OF OFF-BALANCE INVESTMENTS



Open Innovation: Trends

The way corporates are approaching Innovation is innovating too

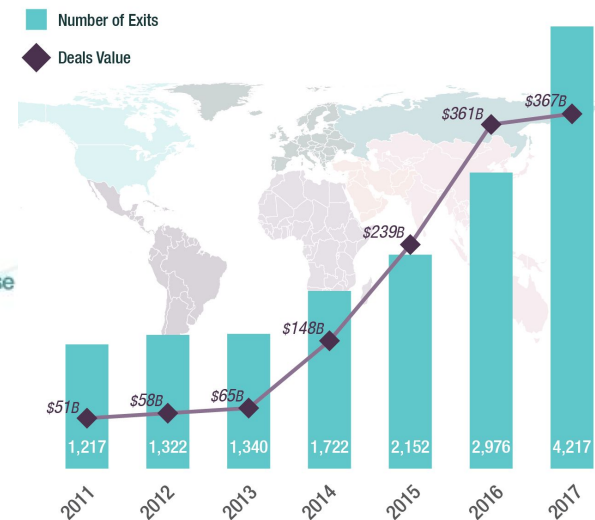
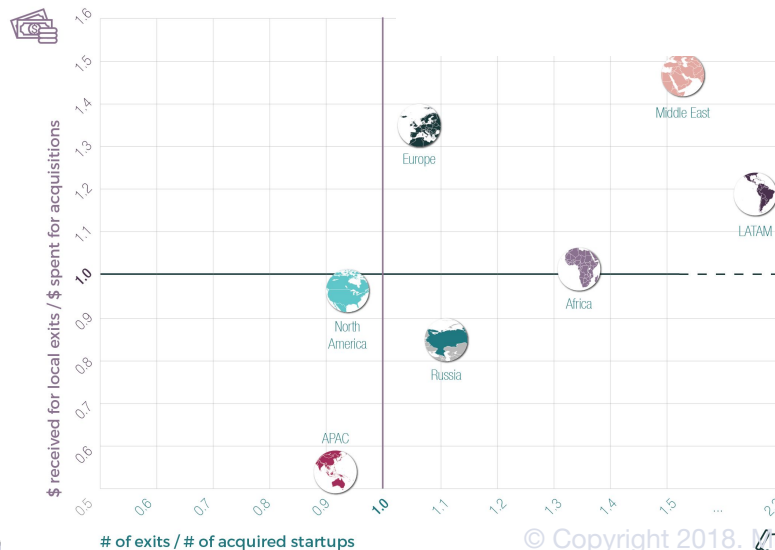
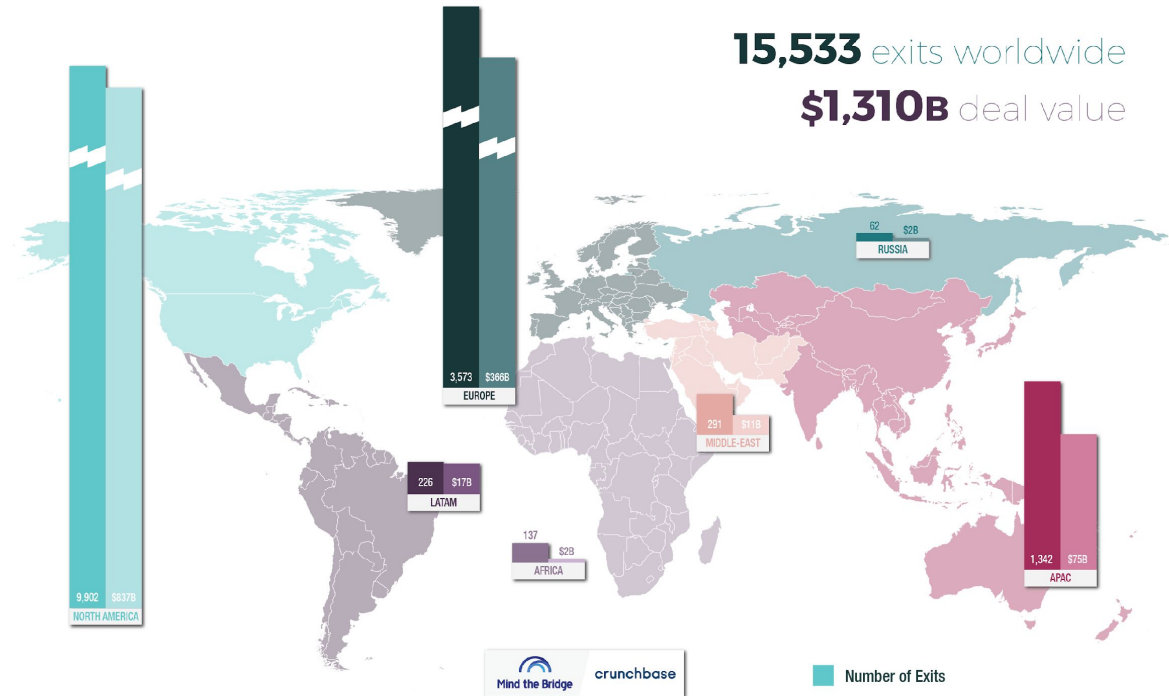


ACQUISITIONS

More activity.
Shift from US towards EU startups.

Focus: Startup M&A

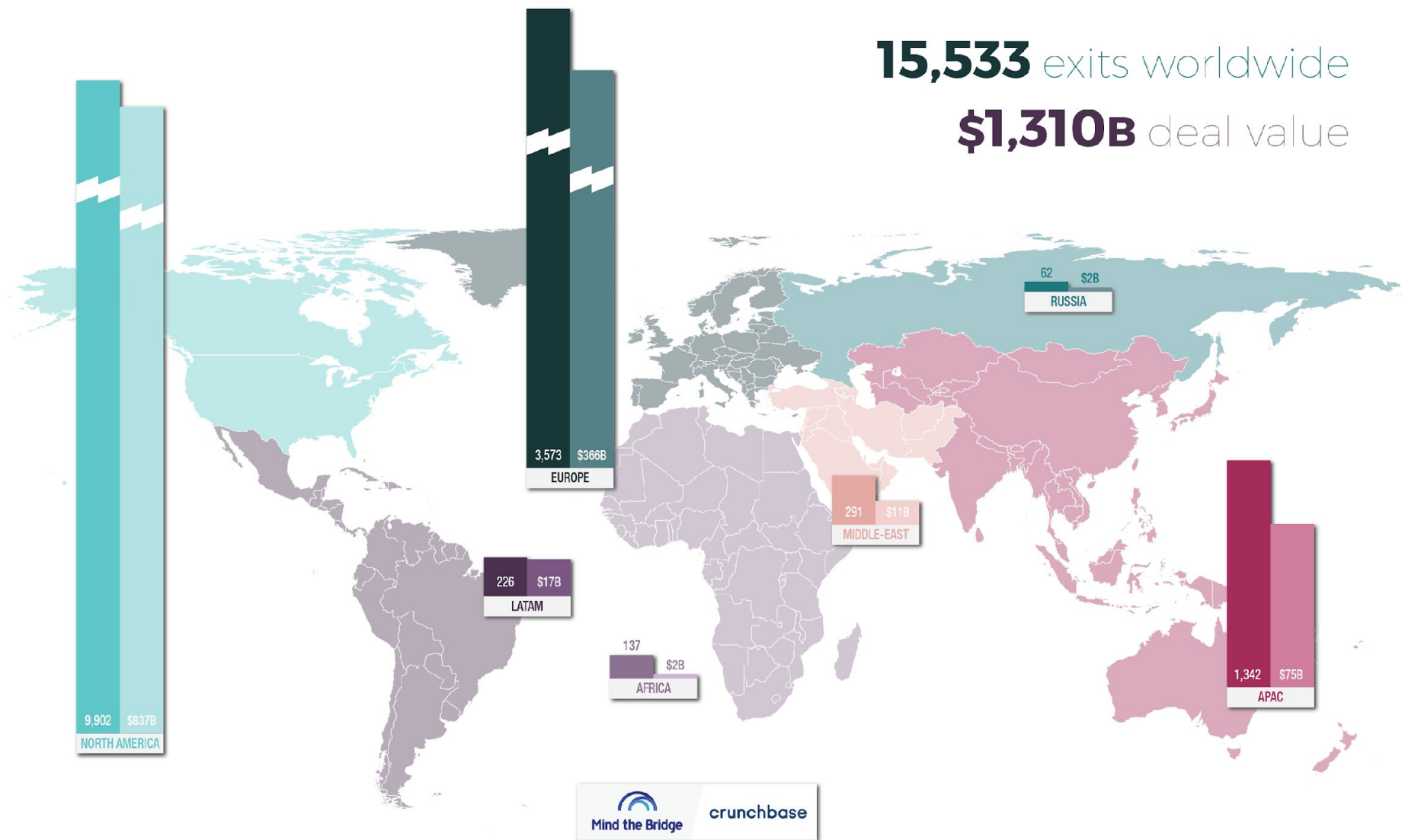
US buyers gorge on startups while Europeans (still) nibble



* Data refers to startup acquisitions completed between July 2010 and June 2017.
Annual data refers to the period July (previous)-June (listed)

Focus: Startup M&A

15,533 exits worldwide
\$1,310B deal value

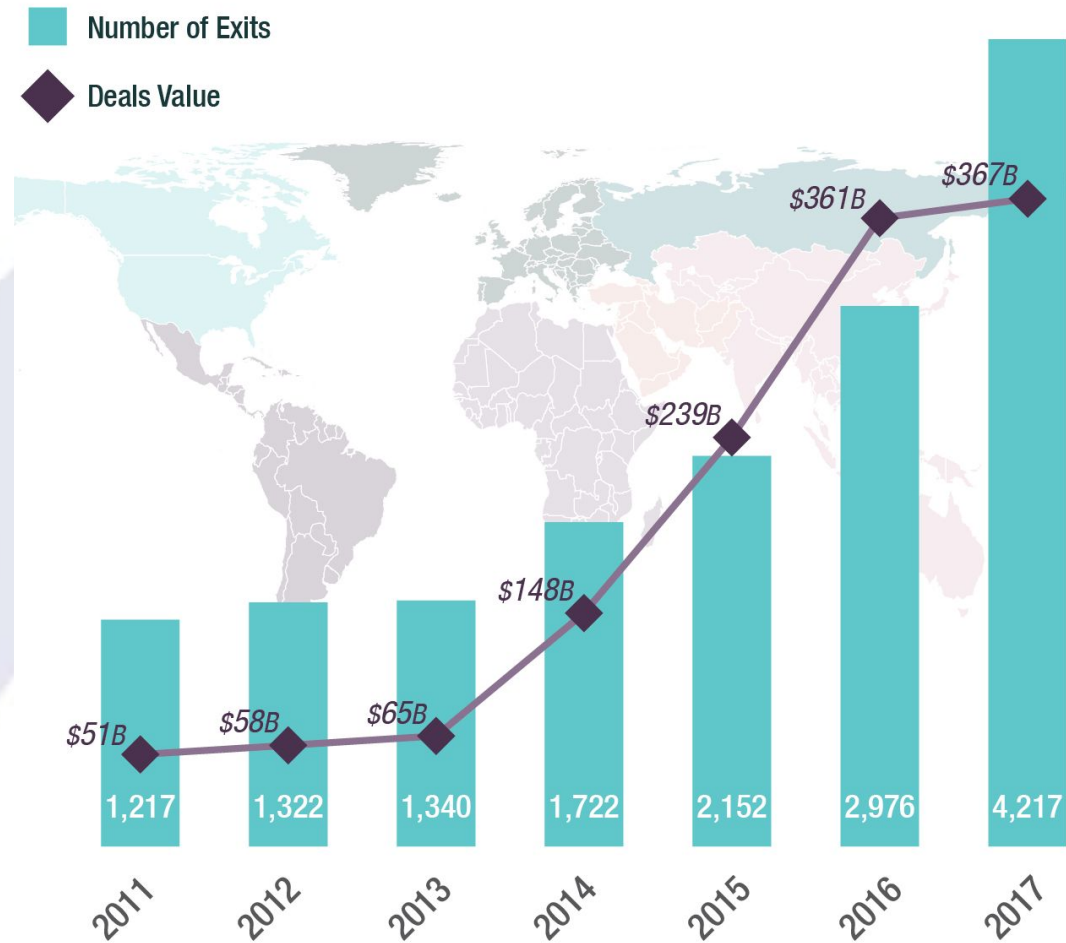


Focus: Startup M&A

SOLID growth in worldwide startup M&A

ACCELERATED since 2014

Recent growth was not mirrored in the **VALUE**



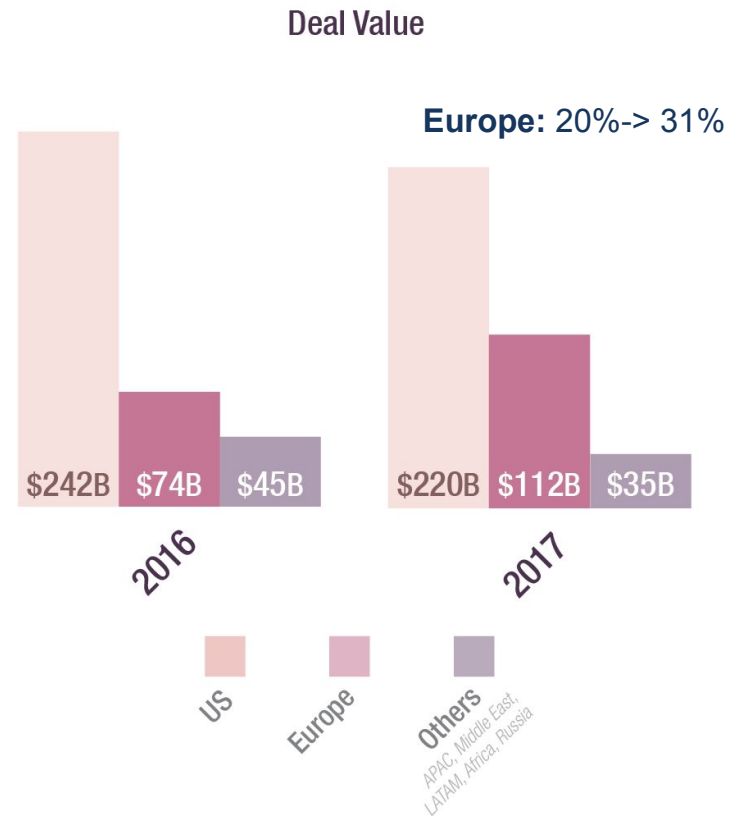
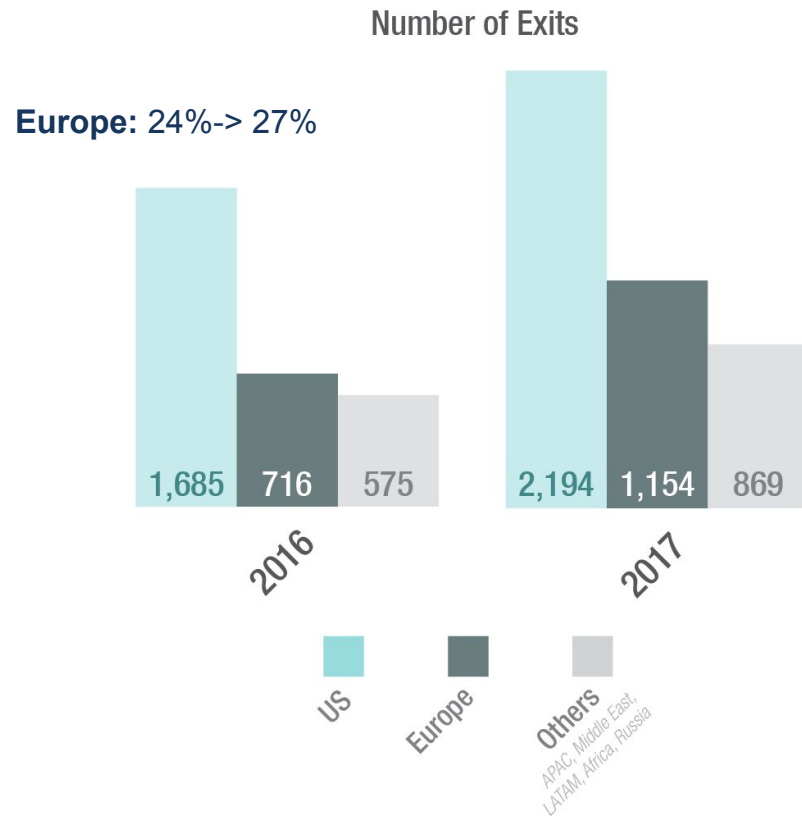
* Data refers to startup acquisitions completed between July 2010 and June 2017.
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Focus: Startup M&A



As global startup exits grow, Europe sees its profile rise

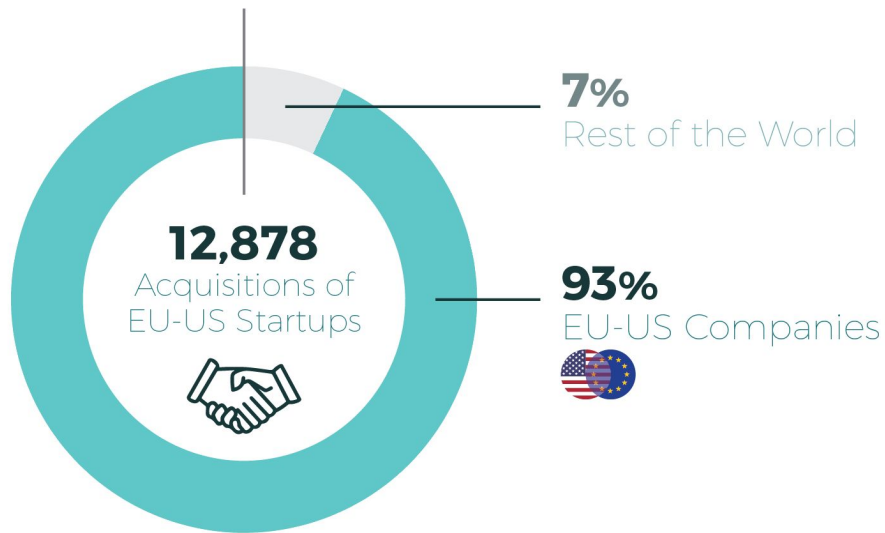
Posted yesterday by [Alex Wilhelm \(@alex\)](#)



Europe managed to grab more exit share
ASIA is GROWING TOO

Focus: Startup M&A

US and European Exits:
Breakdown by Nationality of Acquirer



US and European Acquisitions
of Startups in the Rest of the World



1,195 Acquisitions of RoW startups
\$37B Price Paid for Acquisitions



There is a clear **preference between US and EU** ecosystems for each other.

Focus: Startup M&A

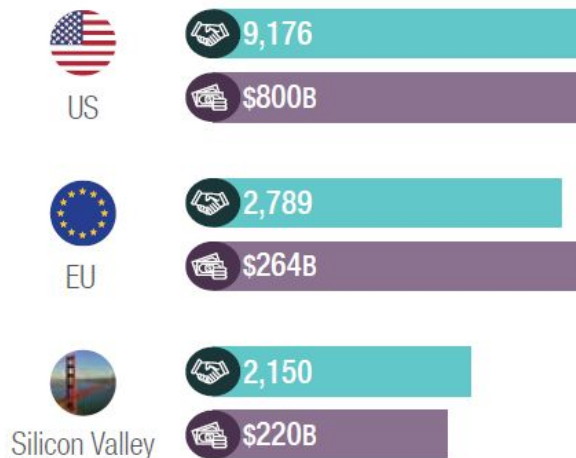
CRUNCH NETWORK

US buyers gorge on startups while Europeans nibble

Posted 10 hours ago by Joanna Glasner, Alberto Onetti (@aonetti)



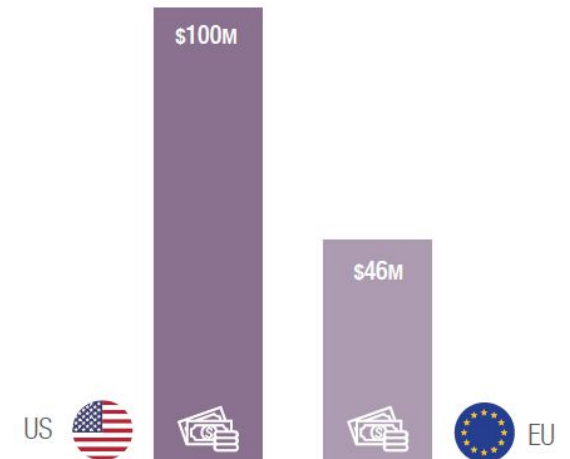
US and European Exits: Breakdown of Buyers by Region



US Acquisitions of European Startups



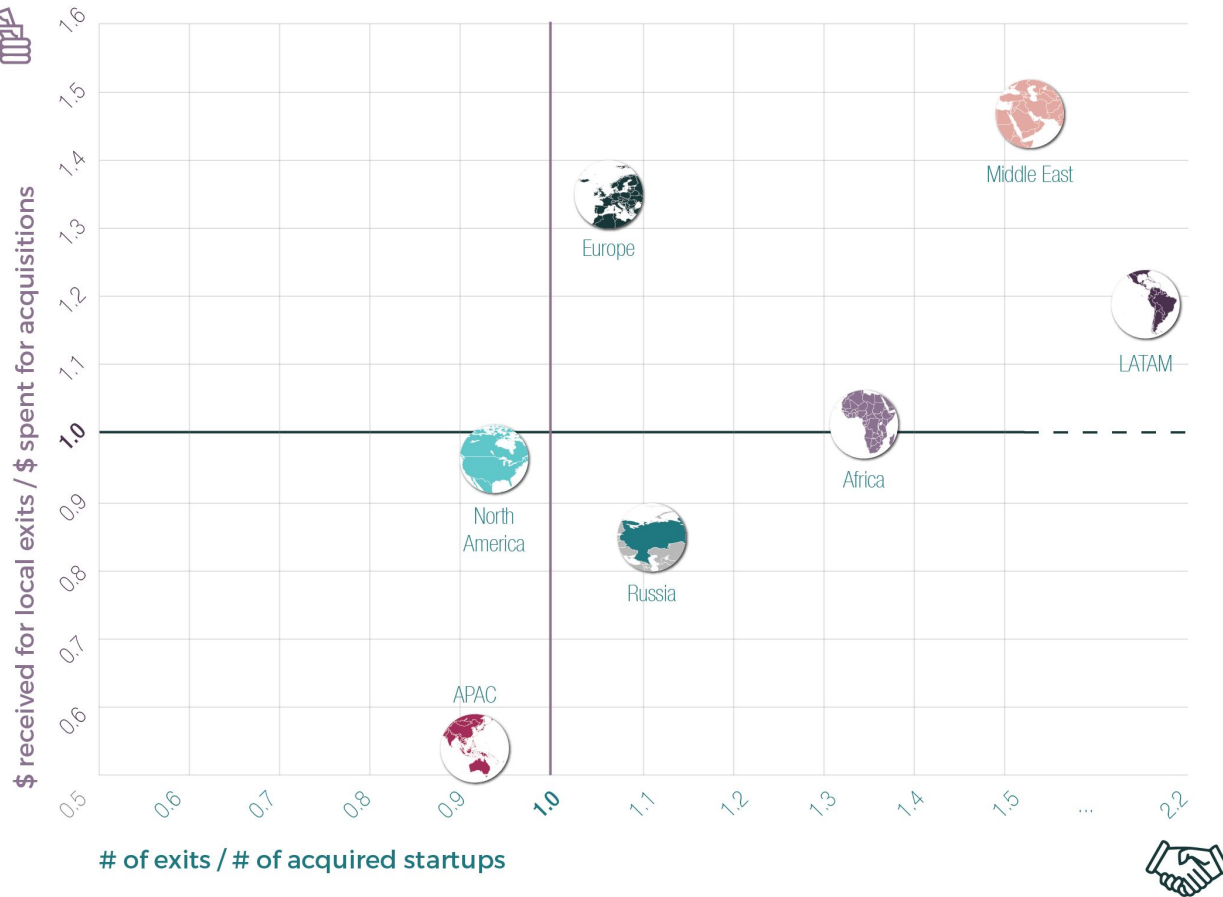
Medial Deal Size of Acquired US and European Startups



US companies **acquire 3X** startups than EU companies
EU startups are “CHEAPER”

Focus: Startup M&A

World's Startup Ecosystems: the M&A Balance

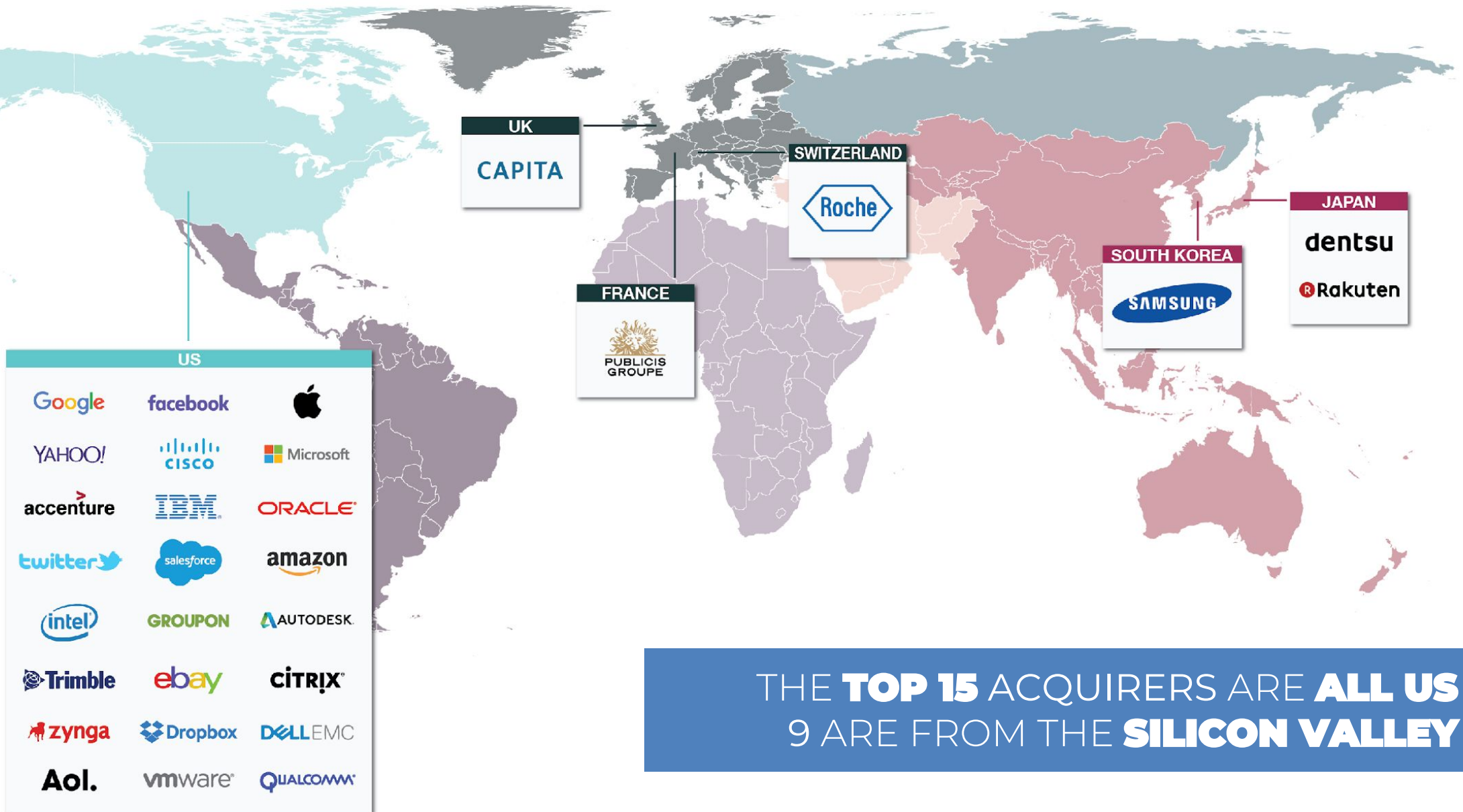


The Exit/Acquisition Ratio

$$\frac{\text{\# of exits}}{\text{\# of acquisitions of startups by local companies}} = \frac{\text{\$ deal value of local exits}}{\text{\$ price paid for acquisitions by local companies}}$$

NOT ALL ECOSYSTEMS SHOW A **M&A BALANCE**
BETWEEN THE **SELL (EXITS)** AND **BUY (ACQUISITIONS) SIDE**

Focus: Startup M&A



THE **TOP 15** ACQUIRERS ARE **ALL US**
9 ARE FROM THE **SILICON VALLEY**

Focus: Startup M&A

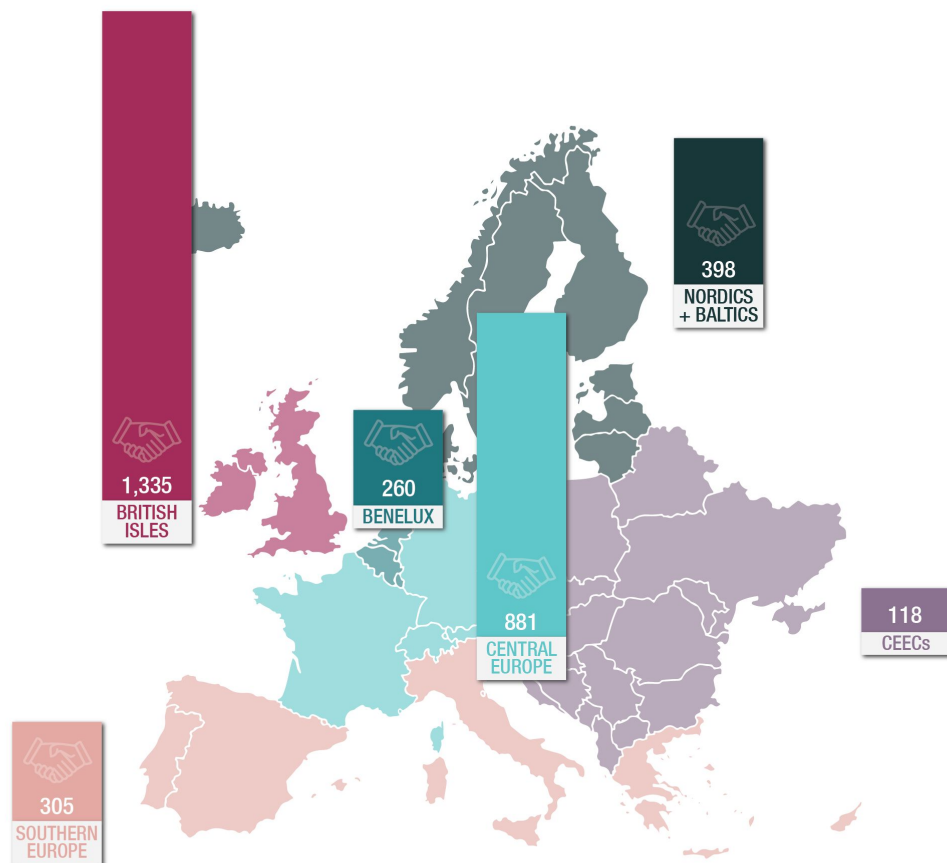
Top 30 World Acquirers: Ranking (2010-2017)

1	Google	Mountain View, CA	
2	Facebook	Menlo Park, CA	
3	Yahoo!	Sunnyvale, CA	
4	Apple	Cupertino, CA	
5	Cisco	San Jose, CA	
6	Microsoft	Redmond, WA	
7	Accenture	Chicago, IL (Dublin, IRE)	
8	IBM	Armonk, NY	
9	Oracle	Redwood City, CA	
10	Twitter	San Francisco, CA	
11	Salesforce	San Francisco, CA	
12	Amazon	Seattle, WA	
13	Intel	Santa Clara, CA	
14	Groupon	Chicago, IL	
15	Autodesk	San Rafael, CA	
16	Dentsu	Tokyo, JAP	
17	Capita	London, GBR	
18	Citrix Systems	Fort Lauderdale, FL	
19	eBay	San Jose, CA	
20	Zynga	San Francisco, CA	
21	Samsung	Taegu, KOR	
22	Trimble	Sunnyvale, CA	
23	Dropbox	San Francisco, CA	
24	Rakuten	Tokyo, JAP	
25	Publicis Groupe	Paris, FRA	
26	AOL	New York, NY	
27	EMC	Hopkinton, MA	
28	Qualcomm	San Diego, CA	
29	VMWare	Palo Alto, CA	
30	Roche	Basel, CHE	

THE **TOP 15** ACQUIRERS ARE **ALL US**
9 ARE FROM THE **SILICON VALLEY**

Focus: Startup M&A

Startup Acquisitions: Most Active Regions in Europe



EXITS: TOP 15 EUROPEAN HUBS
(per nationality of the acquired startup)

1	London	567	
2	Paris	165	
3	Berlin	124	
4	Stockholm	76	
5	Amsterdam	66	
6	Dublin	65	
7	Munich	60	
8	Madrid	58	
9	Copenhagen	44	
10	Barcelona	43	
11	Helsinki	42	
12	Milan	34	
13	Hamburg	33	
14	Zurich	30	
15	Warsaw	24	

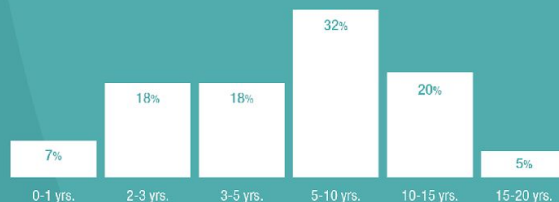


LONDON REMAINS THE **EXIT CAPITAL** FOR EUROPE

Focus: Startup M&A

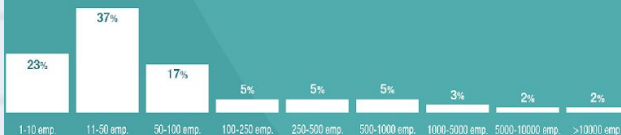
What Is the Typical **Profile** of a **Startup** That Makes It All The Way To The Exit?

Average Age At Acquisition



It gets **acquired** **8** years after foundation

Employee Count at Time of Acquisition



It has on average **10-50** employees

Capital Raised Before Acquisition



It **raised** on average **\$127M** in capital

Price Paid for Acquisition

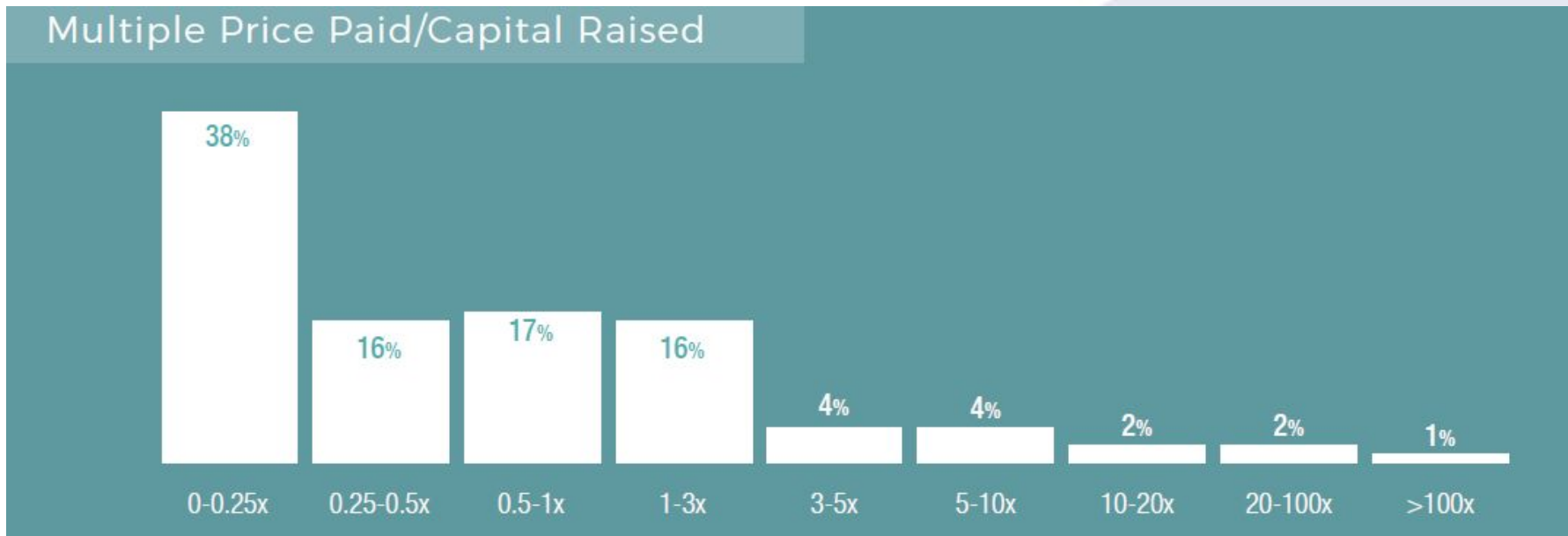


The average **ticket price** is

\$70M



Focus: Startup M&A



71% OF THE EXITED STARTUPS DON'T RETURN THE CAPITAL INVESTED

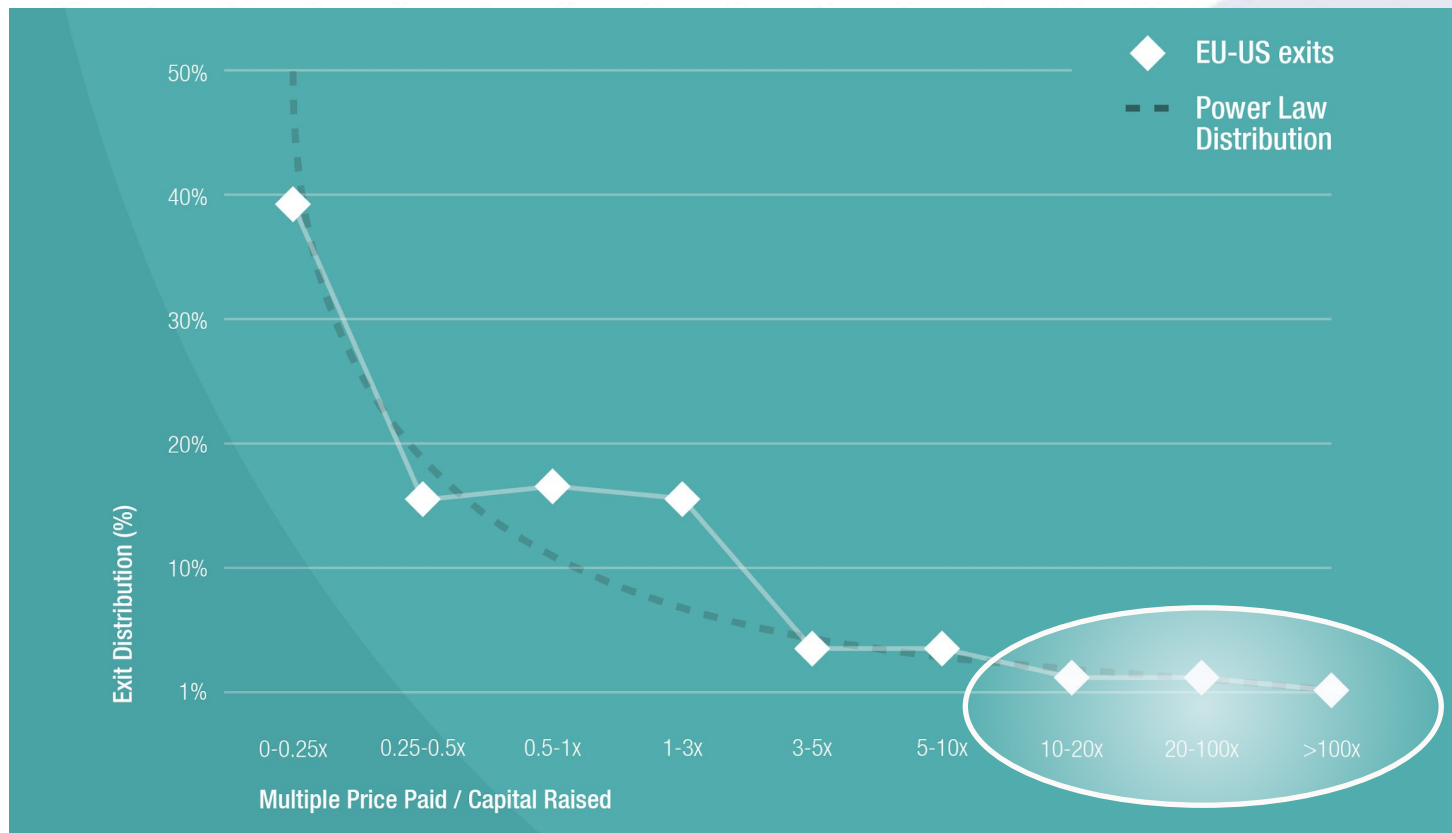
54% ARE FIRE SALES (RETURN LESS THAN 50% THE CAPITAL RAISED)

16% RETURN BETWEEN 1/3X

8% ARE SOLD AT GOOD MULTIPLES (3/10X)

3-5% ARE THE "WILD" ONES (10+X MULTIPLE)

Focus: Startup M&A



4-8% POST LARGE MULTIPLES...
THAT'S THE **POWER LAW**, BABY

Scaleup Economy in Europe

UK leads (by far)

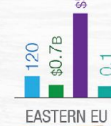
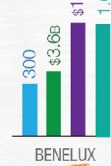
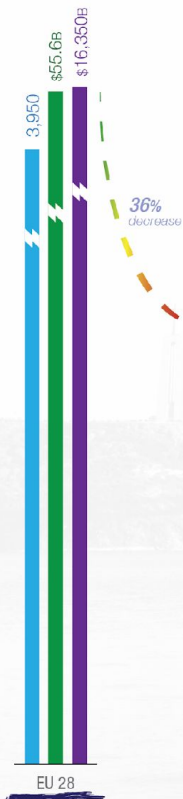
Scaleup Europe by Regions

4200 SCALEUPS

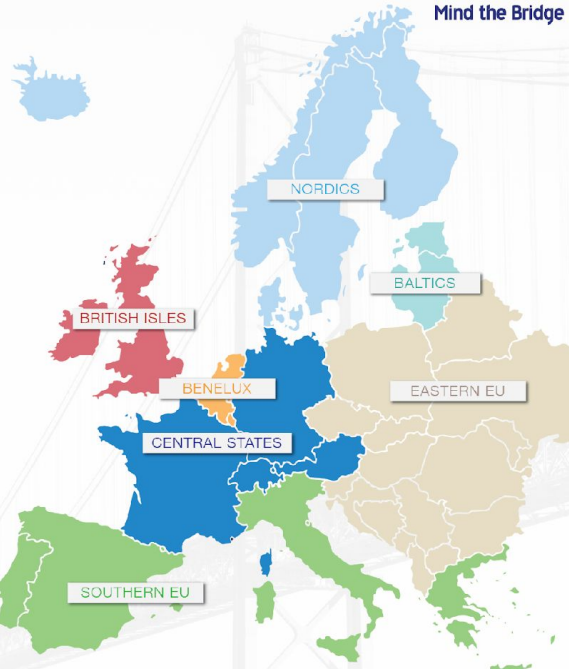
\$58B CAPITAL RAISED

0.33% of GDP
INVESTED IN ICT SCALEUPS

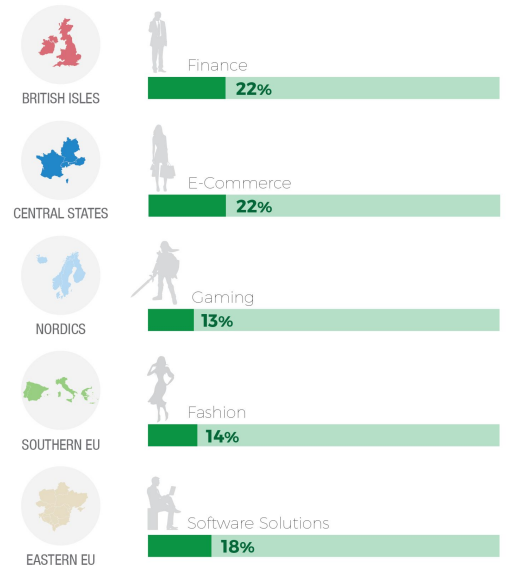
0.9 SCALEUPS
EVERY 100K PEOPLE



Mind the Bridge Startup Europe Partnership



Scaleup Europe: Regional Specialties



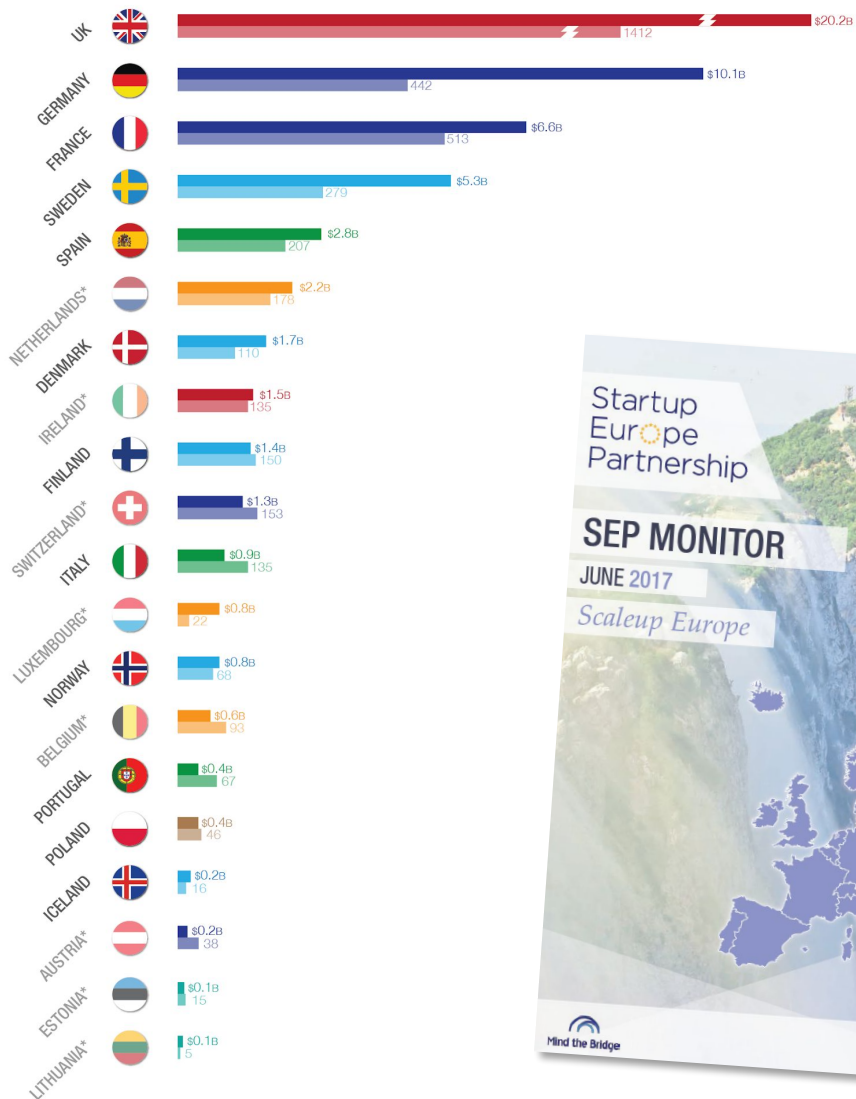
Mind the Bridge Startup Europe Partnership



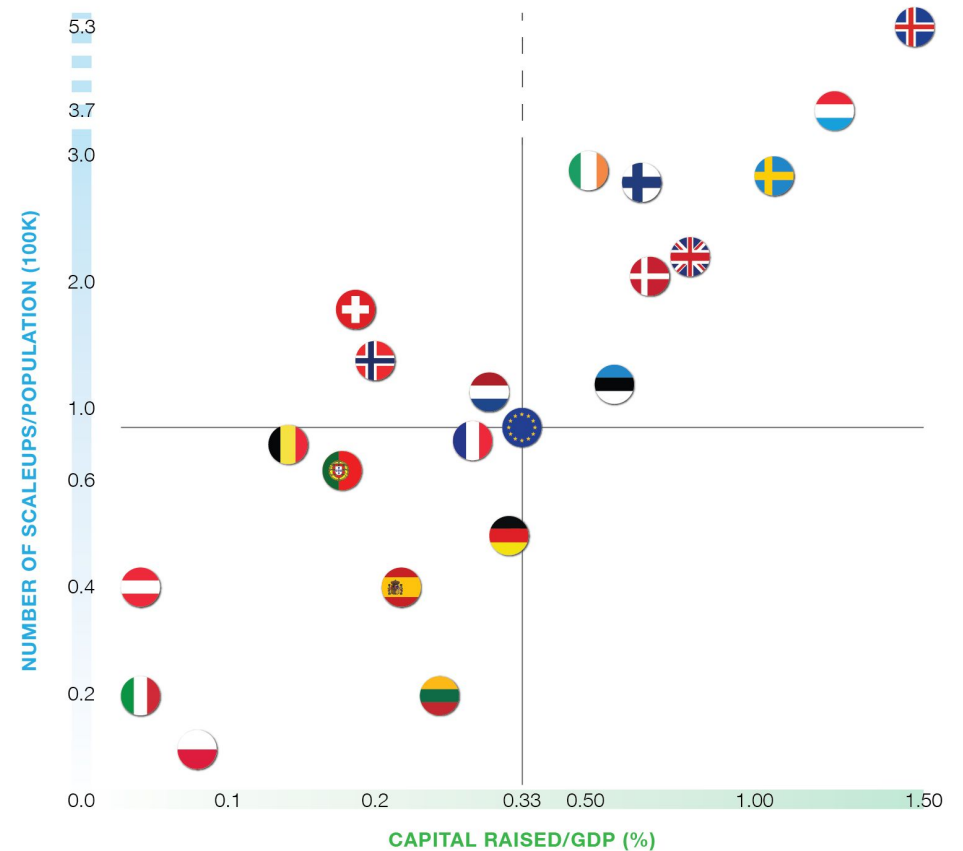
Scaleup Economy in Europe

The “Kings” are in the North

Scaleup Europe: Top 20 Ecosystems



Scaleup Europe: Number of Scaleups vs Capital Raised



Scaleup Economy in Europe

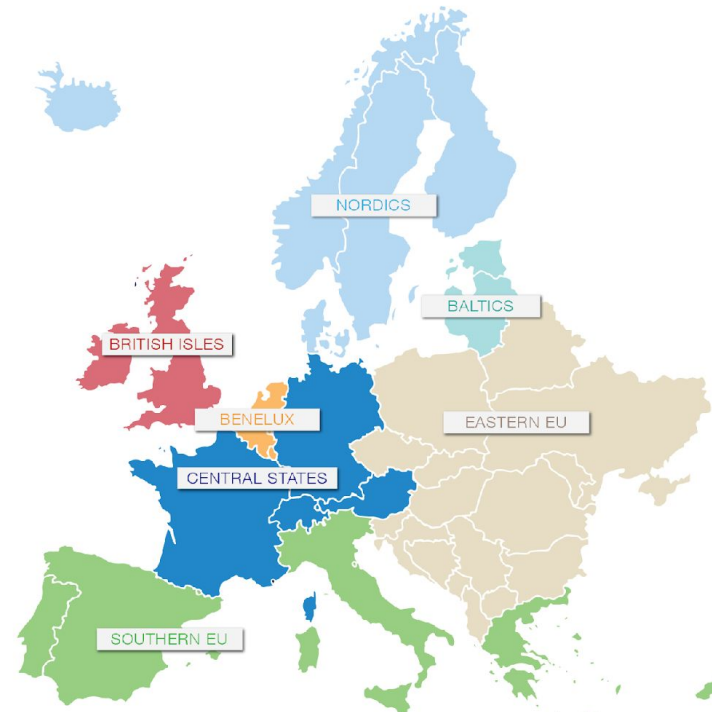
SCALEUP EUROPE

4200 SCALEUPS

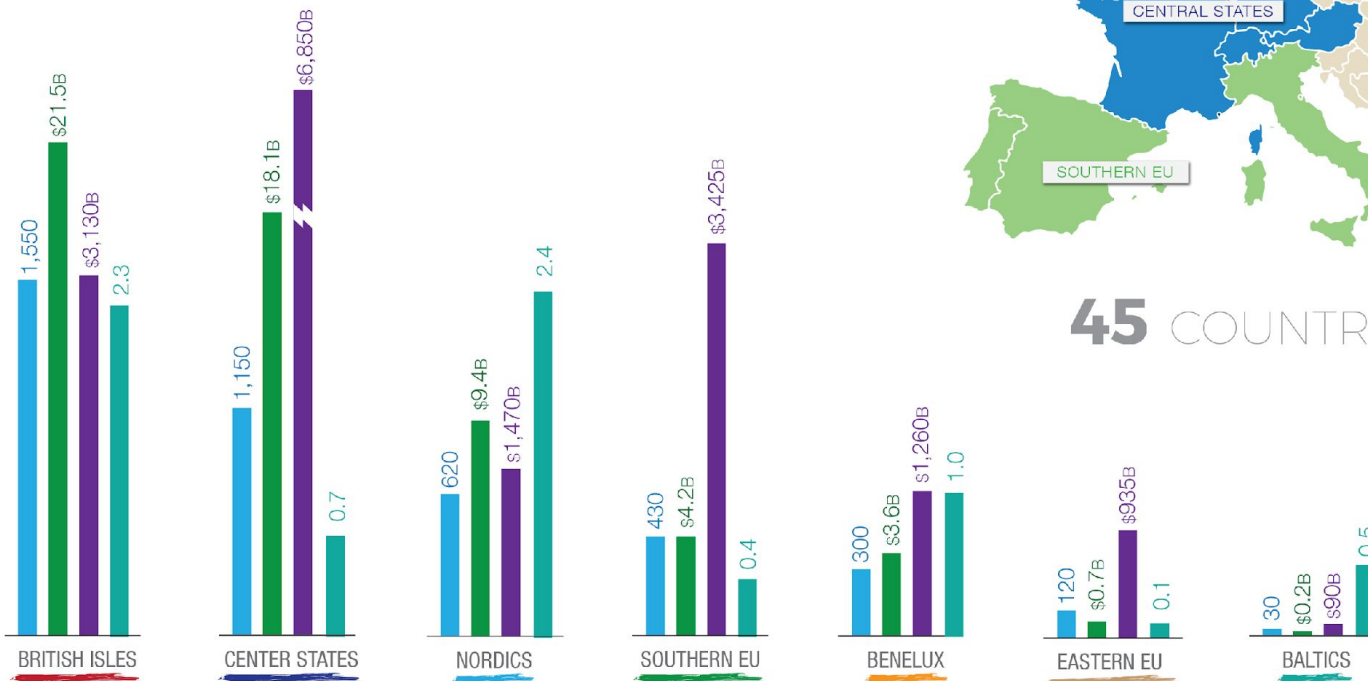
\$58B CAPITAL RAISED

0.33% of GDP
INVESTED IN ICT SCALEUPS

0.9 SCALEUPS
EVERY 100K PEOPLE



45 COUNTRIES



Scaleup Economy in Europe

SCALEUP EUROPE: POTENTIAL POST-BREXIT SCENARIO



2,538 scaleups

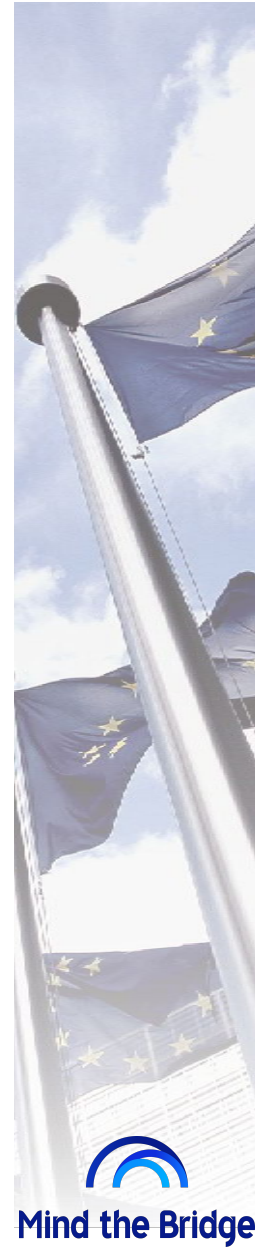
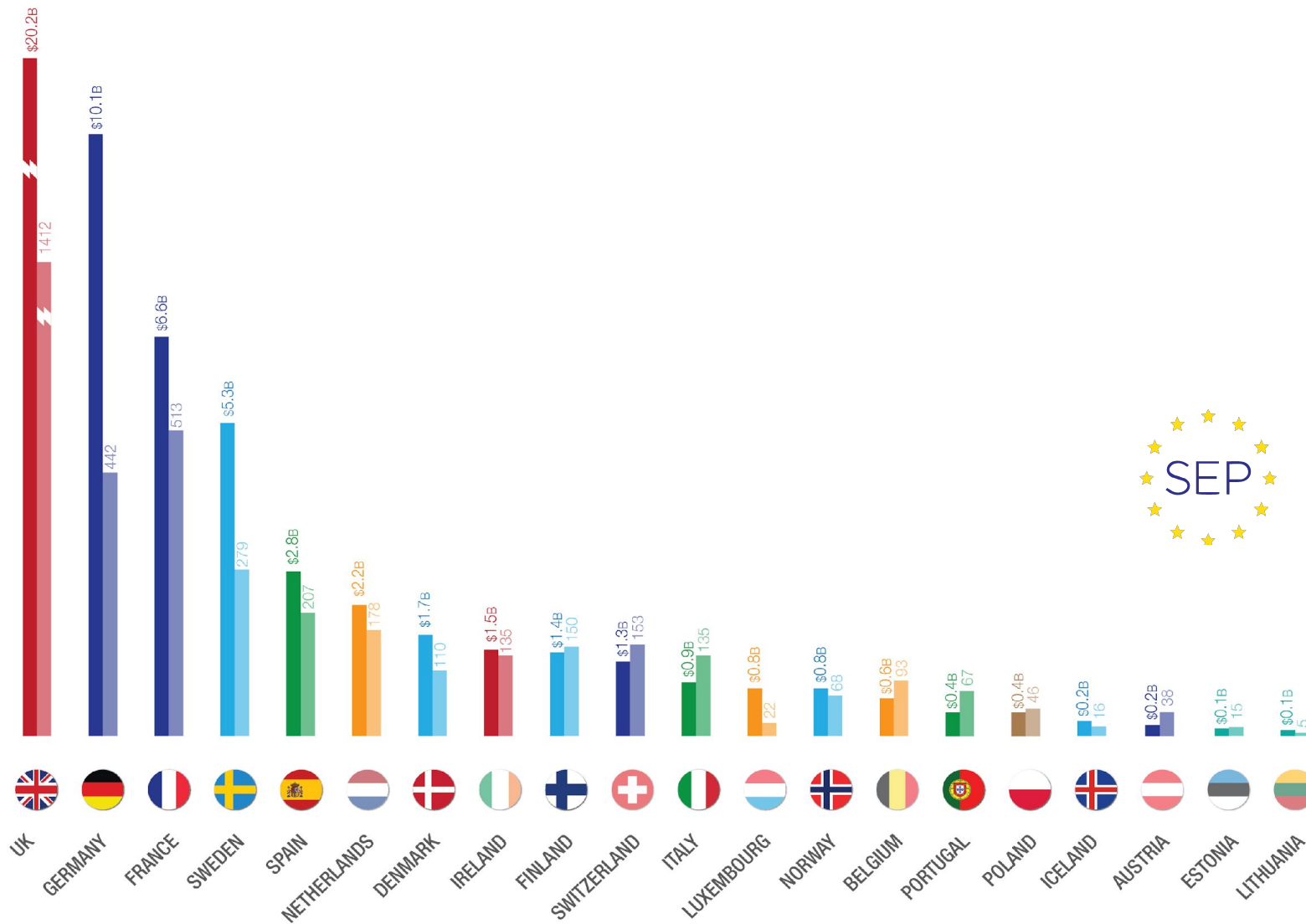
\$35.4B capital raised



Mind the Bridge

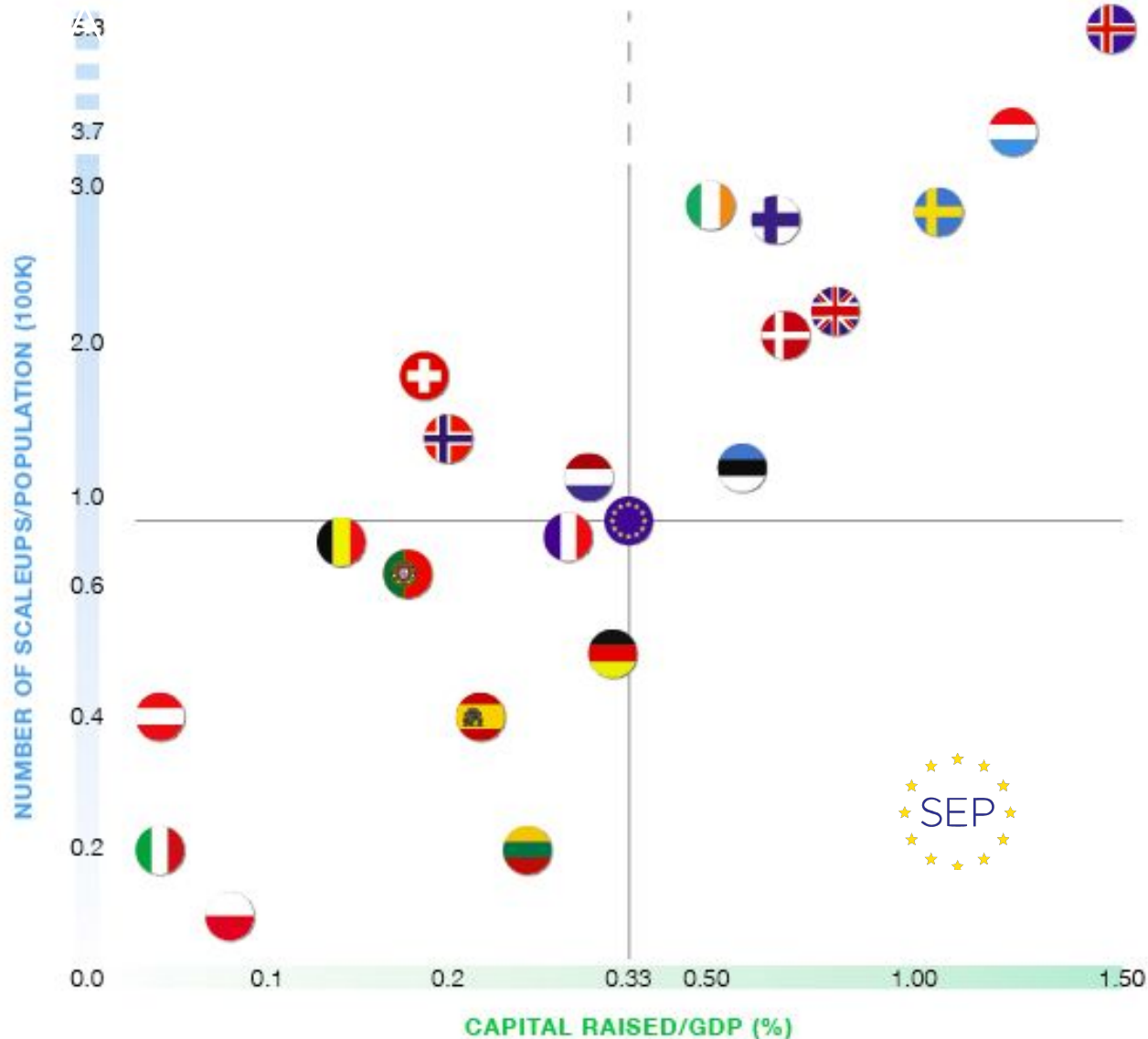
Scaleup Economy in Europe

SCALEUP EUROPE: TOP 20 ECOSYSTEMS



Scaleup Economy in Europe

NUMBER OF SCALEUPS vs CAPITAL



Factoring GDP and population...



Scaleup Economy in Europe

IPOs of EU Scaleups

2% of total scaleups

15% of total capital raised



45% of \$100M+ IPOs are completed in the US
6x capital raised

European Dual Companies

14% of total scaleups



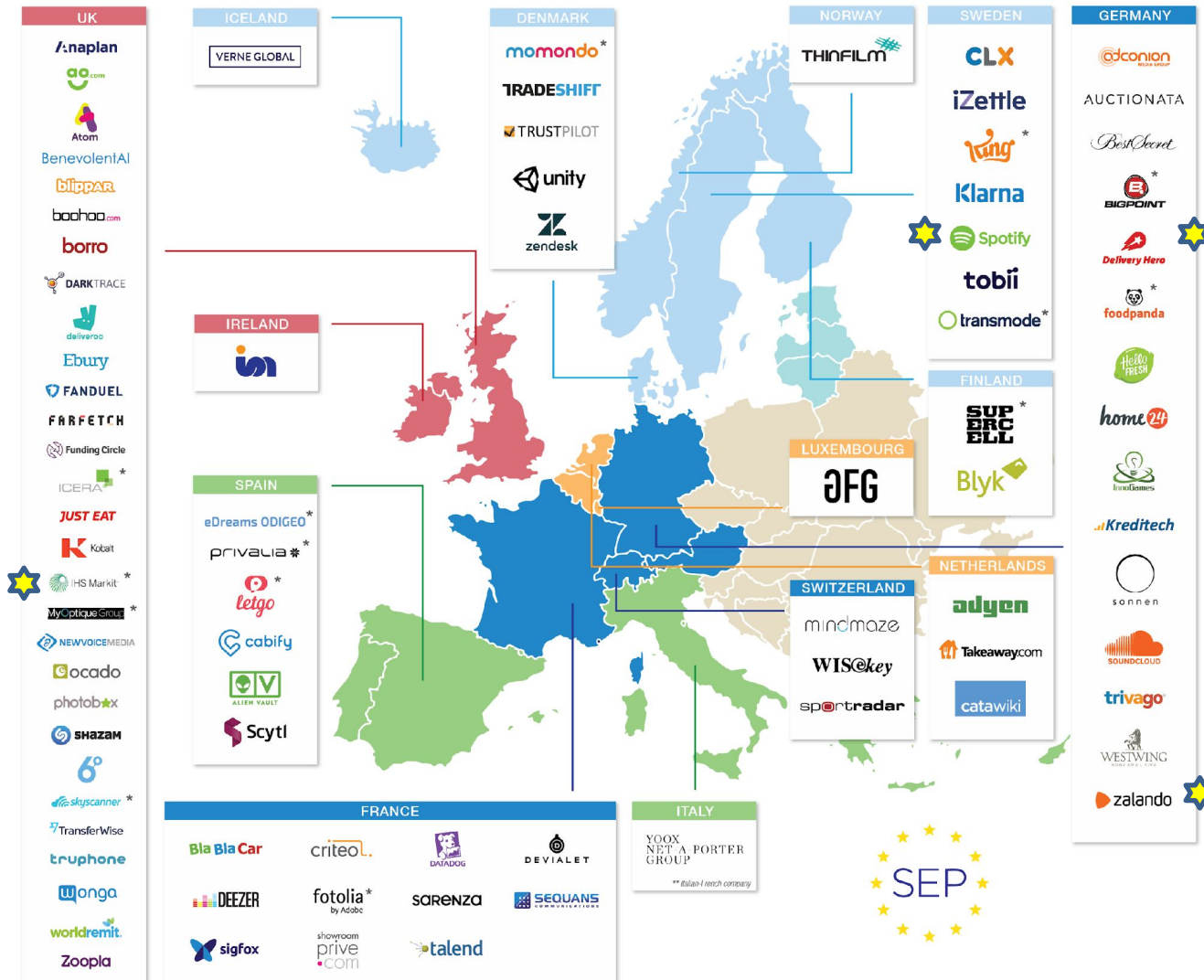
Dual Companies raise on average

30%
more capital
than domestic scaleups



Scaleup Economy in Europe

THE EUROPEAN SCALERS



86 SCALERS (\$100M+)

CAPITAL RAISED **\$25B**

2% of total, 45% of capital
14 countries out of 45

4 SUPER SCALERS (\$1B+)

CAPITAL RAISED **\$6B**

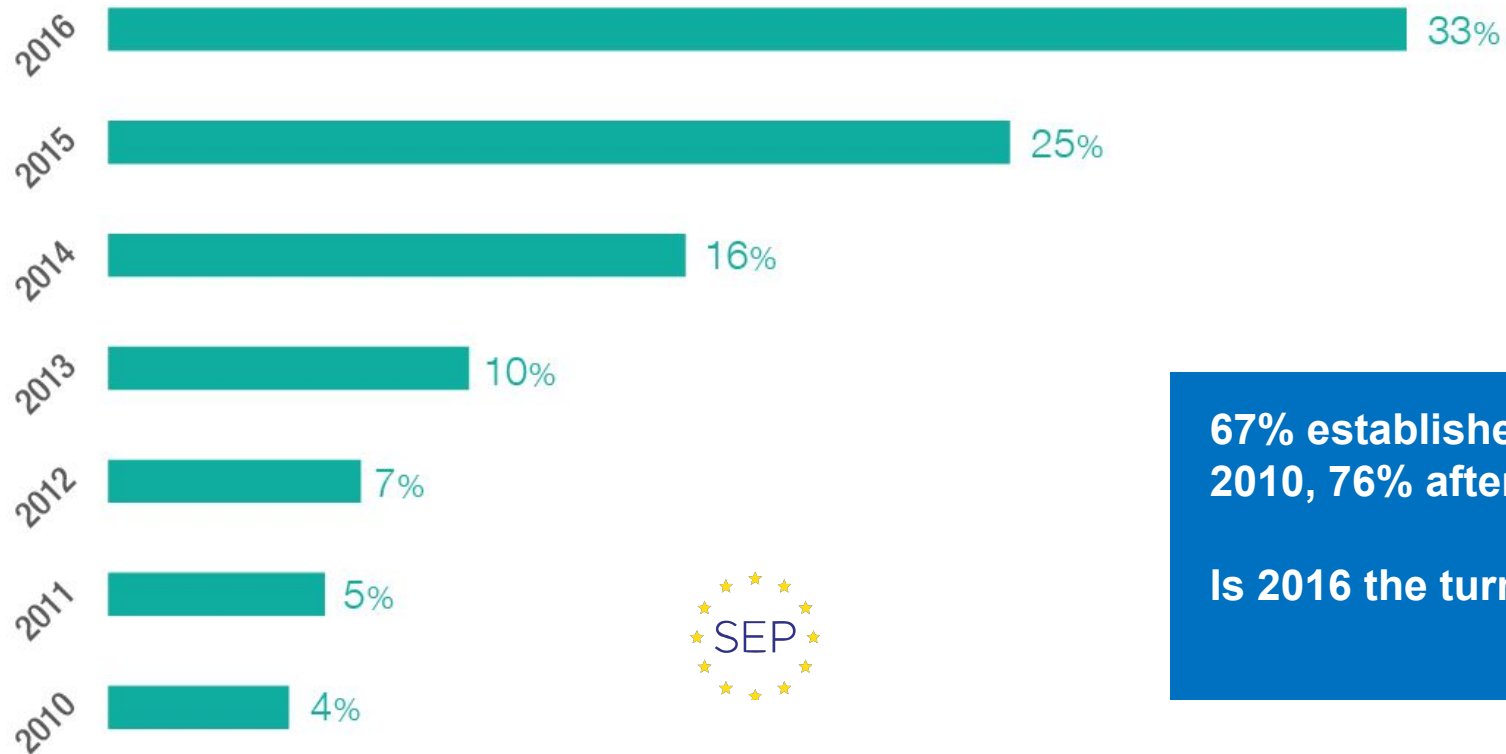
53 worldwide
EU ranks 3rd behind
China (16) and US (25)



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Scaleup Economy in Europe

EUROPEAN SCALEUPS: YEAR OF LAST FUNDING EVENT



67% established after
2010, 76% after 2013

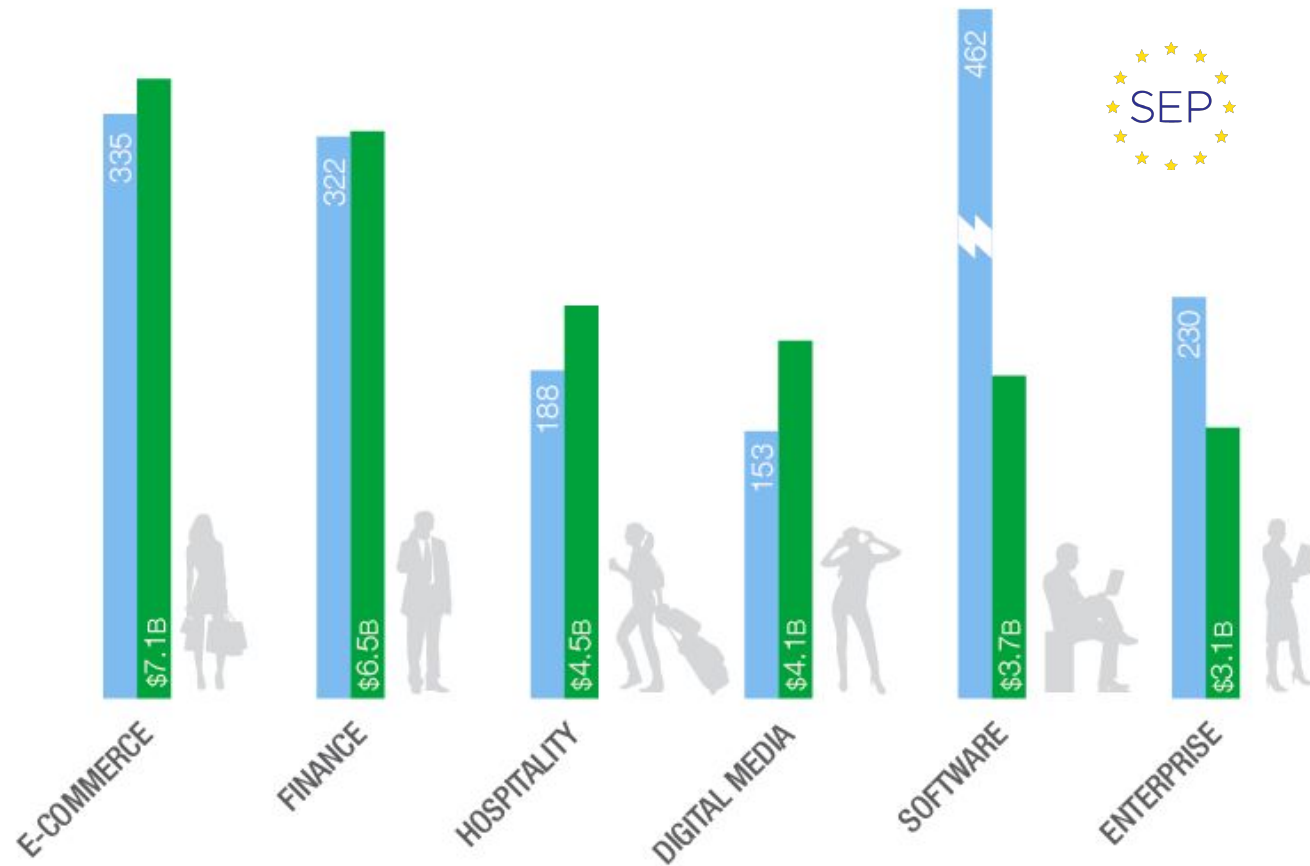
Is 2016 the turning point?



Mind the Bridge

Scaleup Economy in Europe

SCALEUP EUROPE: TOP SECTORS

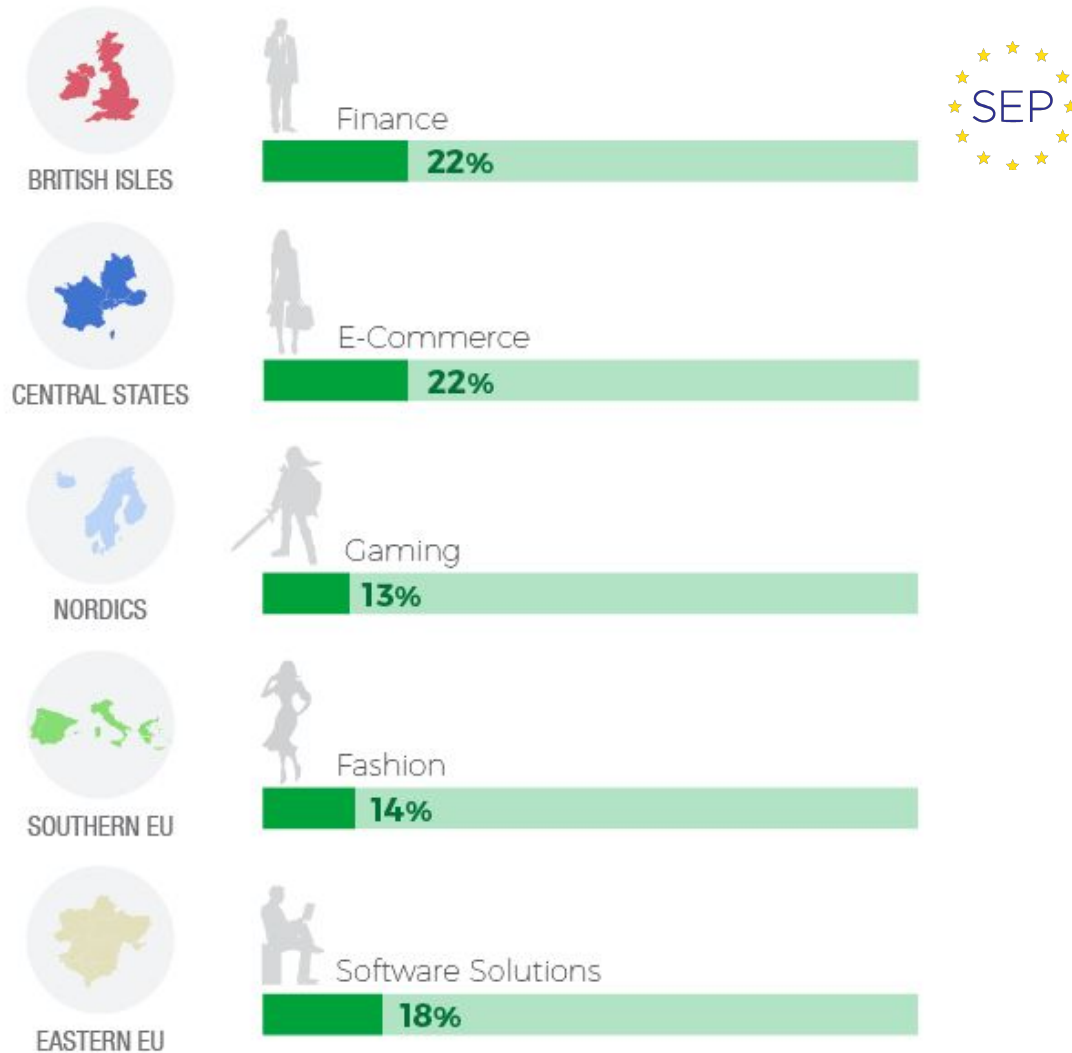


1 out of 5 operate in E-Commerce, Finance and Hospitality.



Scaleup Economy in Europe

SCALEUP EUROPE: REGIONAL SPECIALTIES

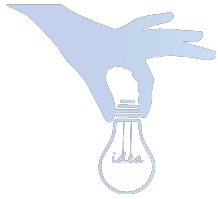


UK -> Fintech
Nordics -> Gaming
Germany -> E-Commerce
Southern -> Fashion/Mobile



Open Innovation: Trends

The way corporates are approaching Innovation is innovating too



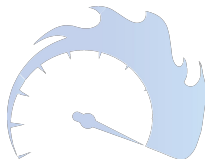
EDUCATION

Incentive Tech-tourism, Innovation Excursions and Open Innovation classes are booming.



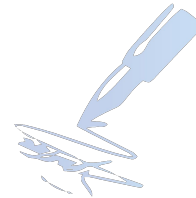
TREND SPOTTING

Flexible Innovation: antennas in the main hotspots (Silicon Valley, Israel, London, Singapore/Hong Kong).



ACCELERATORS

Growing Concerns re: IRR
Outsource: from internal corporate initiative to 3-party managed shared vertical accelerators.



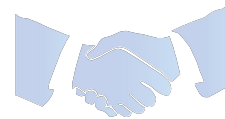
PROCUREMENT/CO-DEVELOPMENT

Focus 100% on integration with Business Units.
Outsource the Scouting (and sometimes the Negotiation).



INVESTMENTS

Less CVCs (spawn-outs).
More off-balance investments.

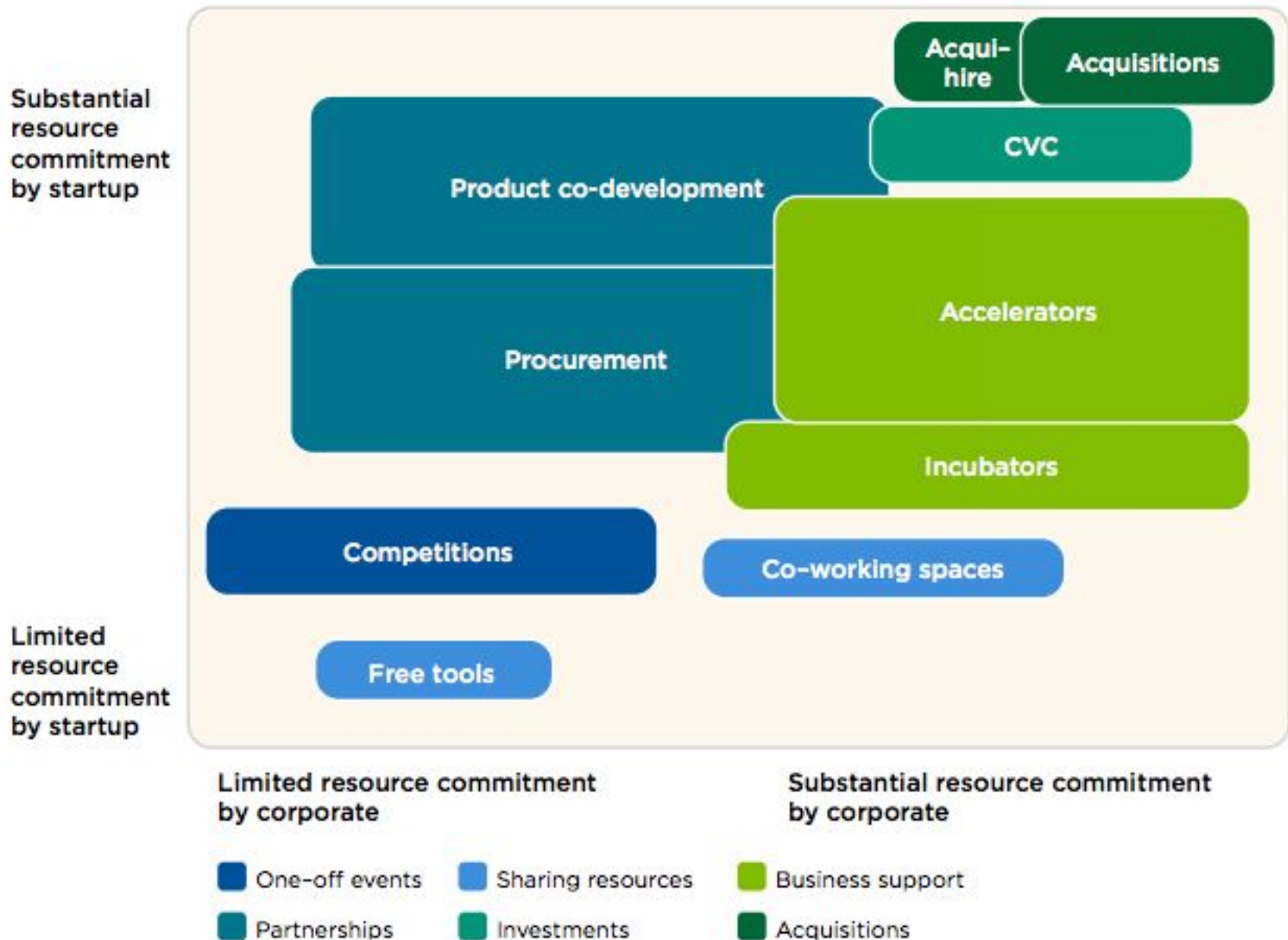


ACQUISITIONS

More activity.
Shift from US towards EU startups.

Open Innovation: Resource Commitment

This is what is needed to collaborate with startups



SCALING TOGETHER
OVERCOMING BARRIERS
IN CORPORATE-STARTUP
COLLABORATION

Siddharth Banerjee, Simona Bielli
and Christopher Haley

Nesta...

Startup
EU/DE
Partnership

Corporate Open Innovation Models



TREND: TRANSFORMERS RATHER THAN INVESTORS/INNOVATORS



INVESTORS

Venture capital model
with direct investments
into tech startups



INNOVATORS

Involvement through
own accelerator
programmes



TRANSFORMERS

Open innovation
creating own digital
innovation through
POCs, licensing, strategic
partnerships with startups

TOP EUROPEAN COMPANIES



Source:  **Mind the Bridge**

Open Innovation Structures

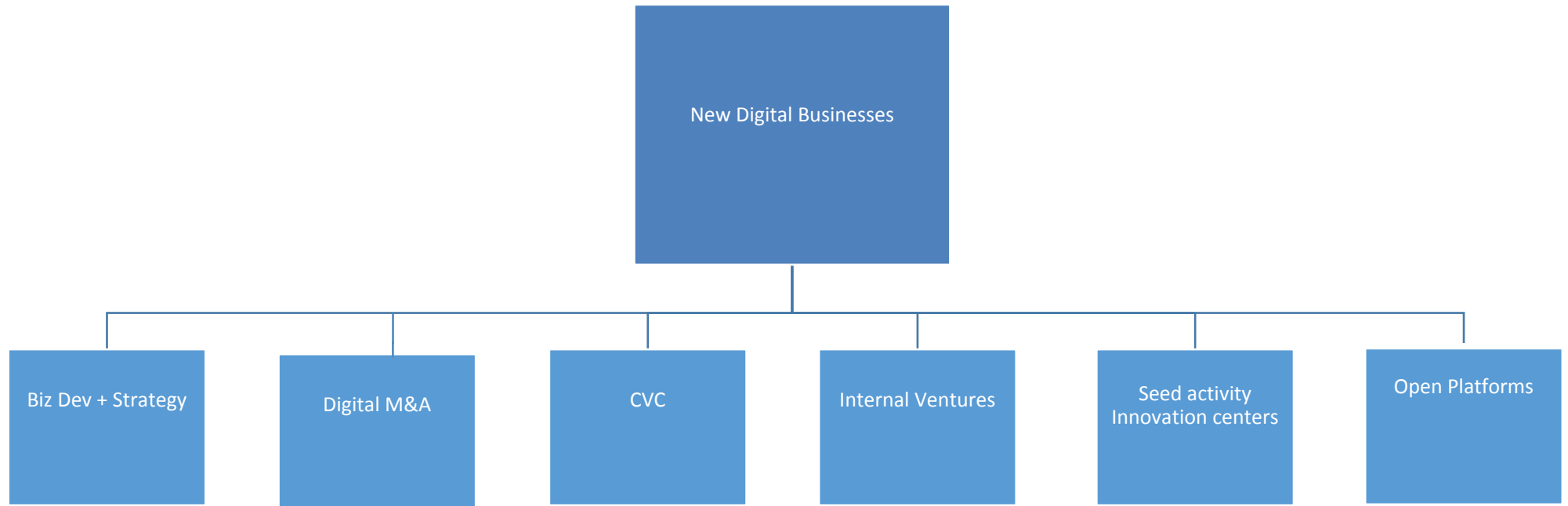
Samples of how “Leviathans” are organized to implement OI strategies



Comparables



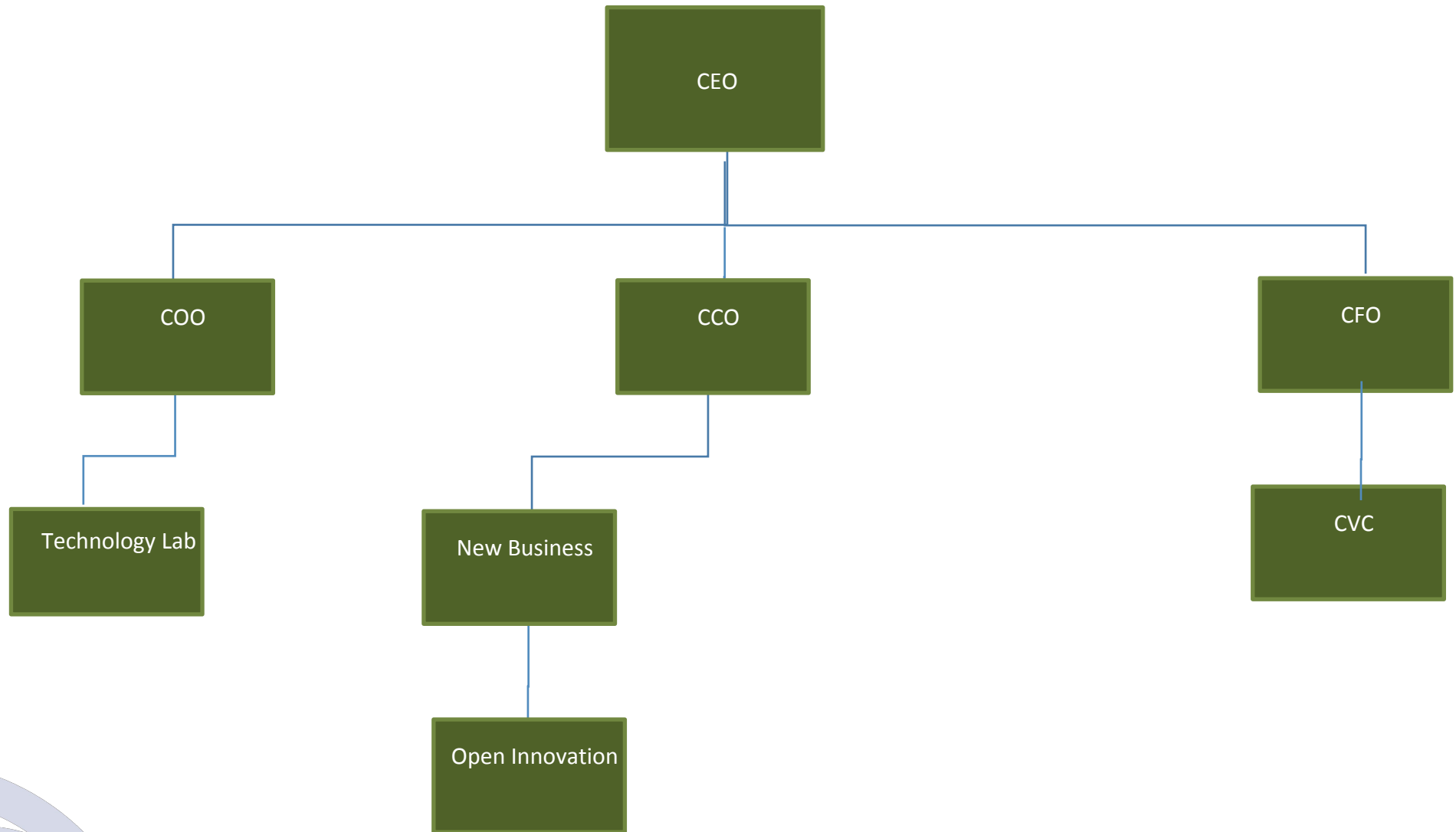
FINANCE



Comparables



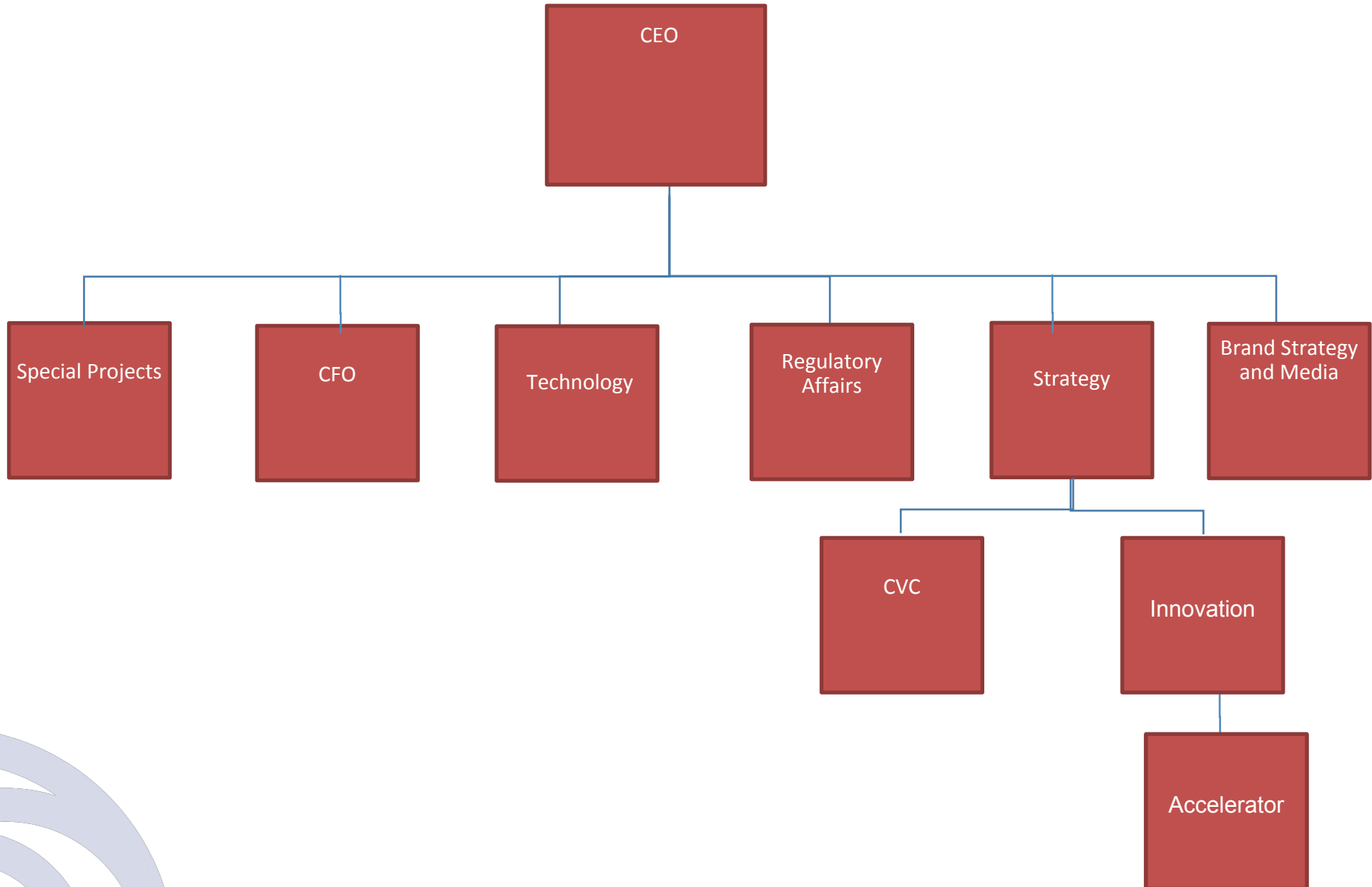
TELCO



Comparables



TELCO



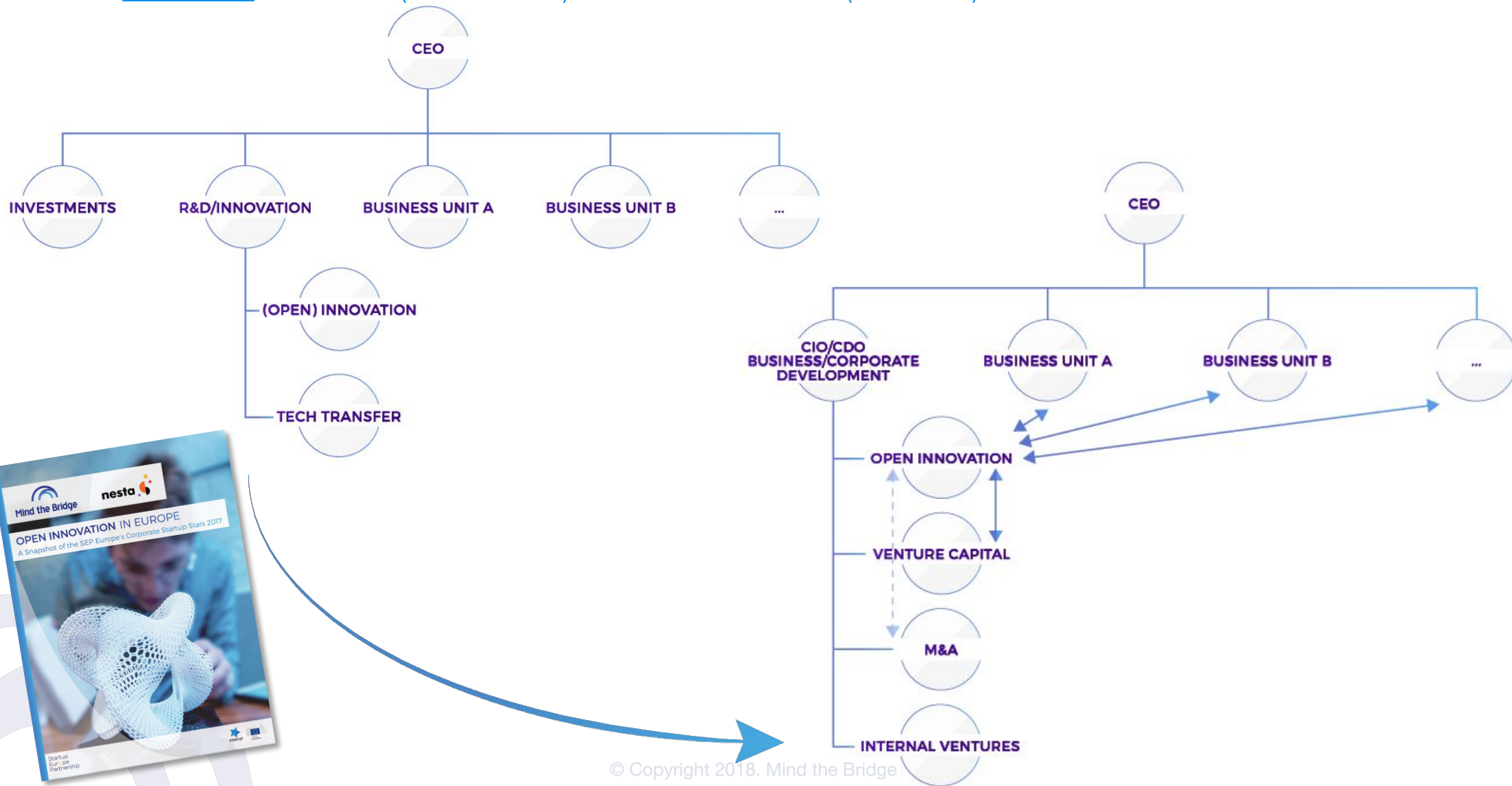
Structure Follows Digital Change

(at least should)



84% OF TOP EUROPEAN CORPORATES HAVE NOW
A DEDICATED OPEN INNOVATION UNIT

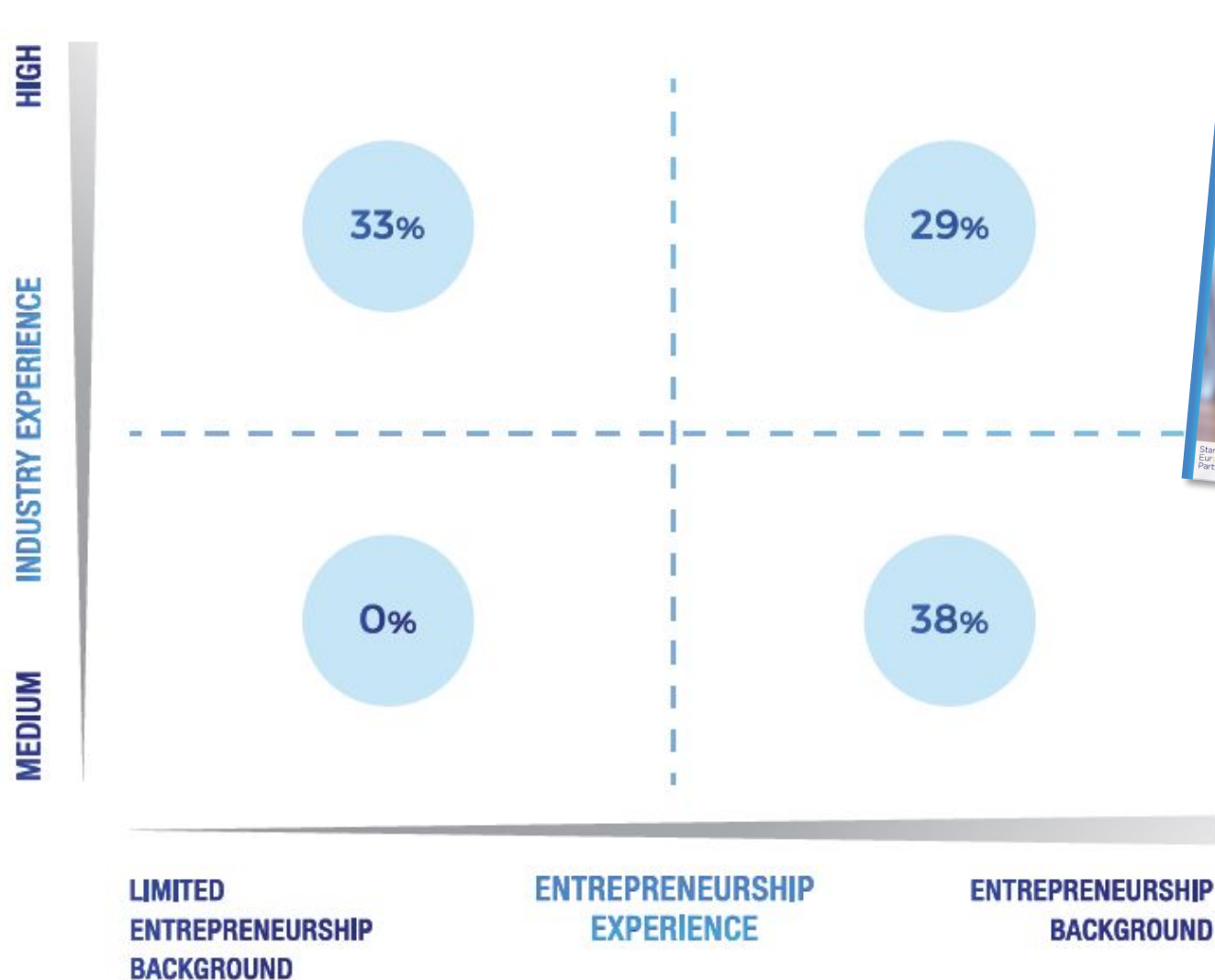
TREND: FROM (MOSTLY) INTERNAL TO (MORE) OPEN STRUCTURES



Composition of OI Units



NONE HAS ONLY ENTREPRENEURSHIP BACKGROUND
INDUSTRY EXPERIENCE IS A MUST



HANDS-ON SESSION

WORKSHOP

To Do: Priorities



INDIVIDUALLY

- What are YOUR strategic key objectives?
- What are YOUR key challenges?



To Do: Priorities



INDIVIDUALLY

- What are YOUR strategic key objectives?
- What are YOUR key challenges?



GROUP

Sharing in groups



To Do: Priorities



INDIVIDUALLY

- What are YOUR strategic key objectives?
- What are YOUR key challenges?



GROUP

Sharing in groups



SHARING + DEBATE

With everyone



To Do: Priorities



INDIVIDUALLY

- What are YOUR strategic key objectives?
- What are YOUR key challenges?



GROUP

Sharing in groups



SHARING + DEBATE

With everyone



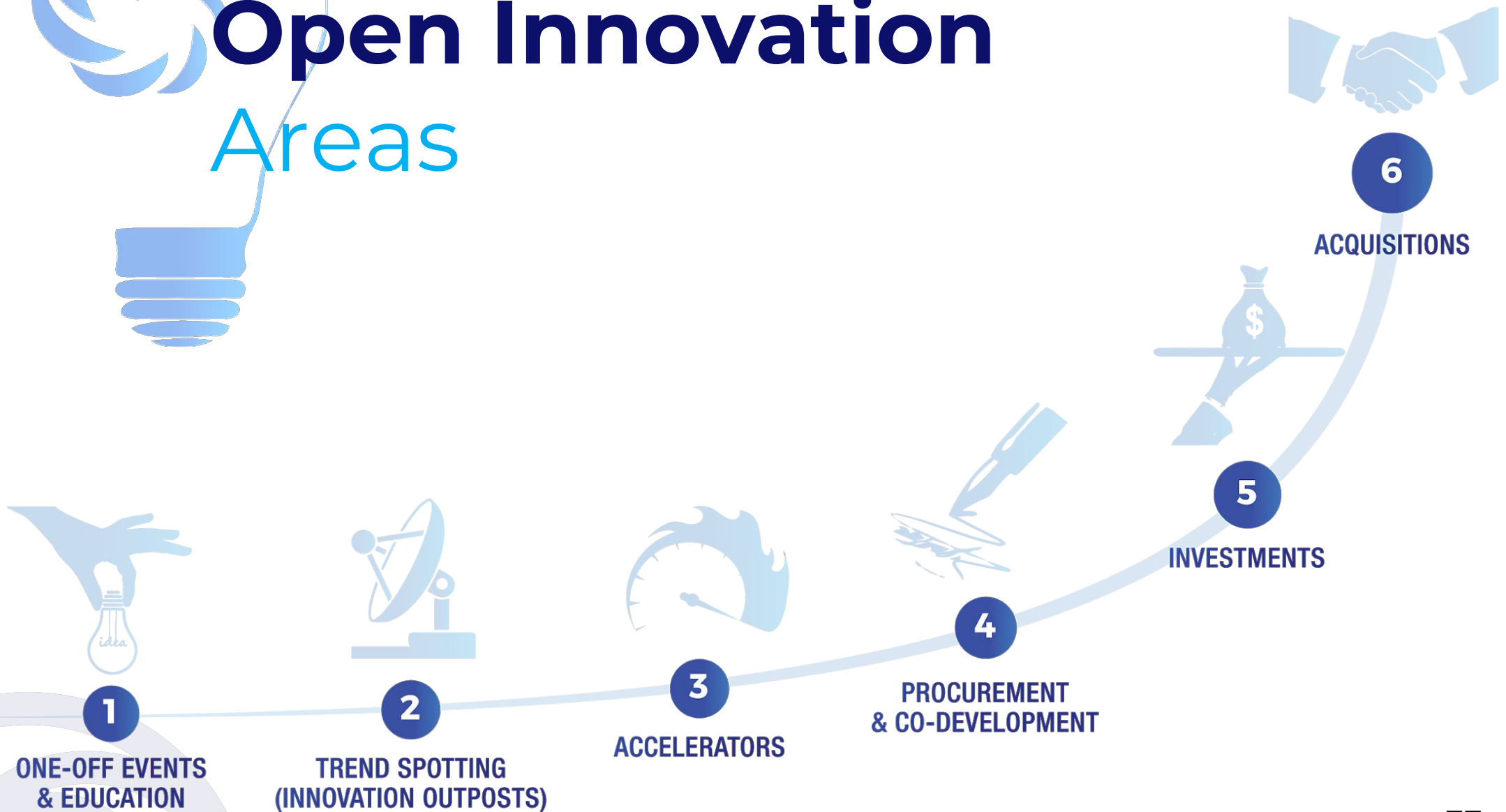
GROUP

Sharing in groups

- Given the key objectives and challenges, what are the priorities that could be addressed using Open Innovation?



Open Innovation Areas



To Do: Priorities



INDIVIDUALLY

- What are YOUR strategic key objectives?
- What are YOUR key challenges?



GROUP

Sharing in groups



SHARING + DEBATE

With everyone



GROUP

Sharing in groups

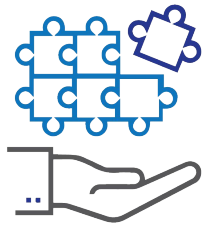
- Given the key objectives and challenges, what are the priorities that could be addressed using Open Innovation?



SHARING + DEBATE

With everyone

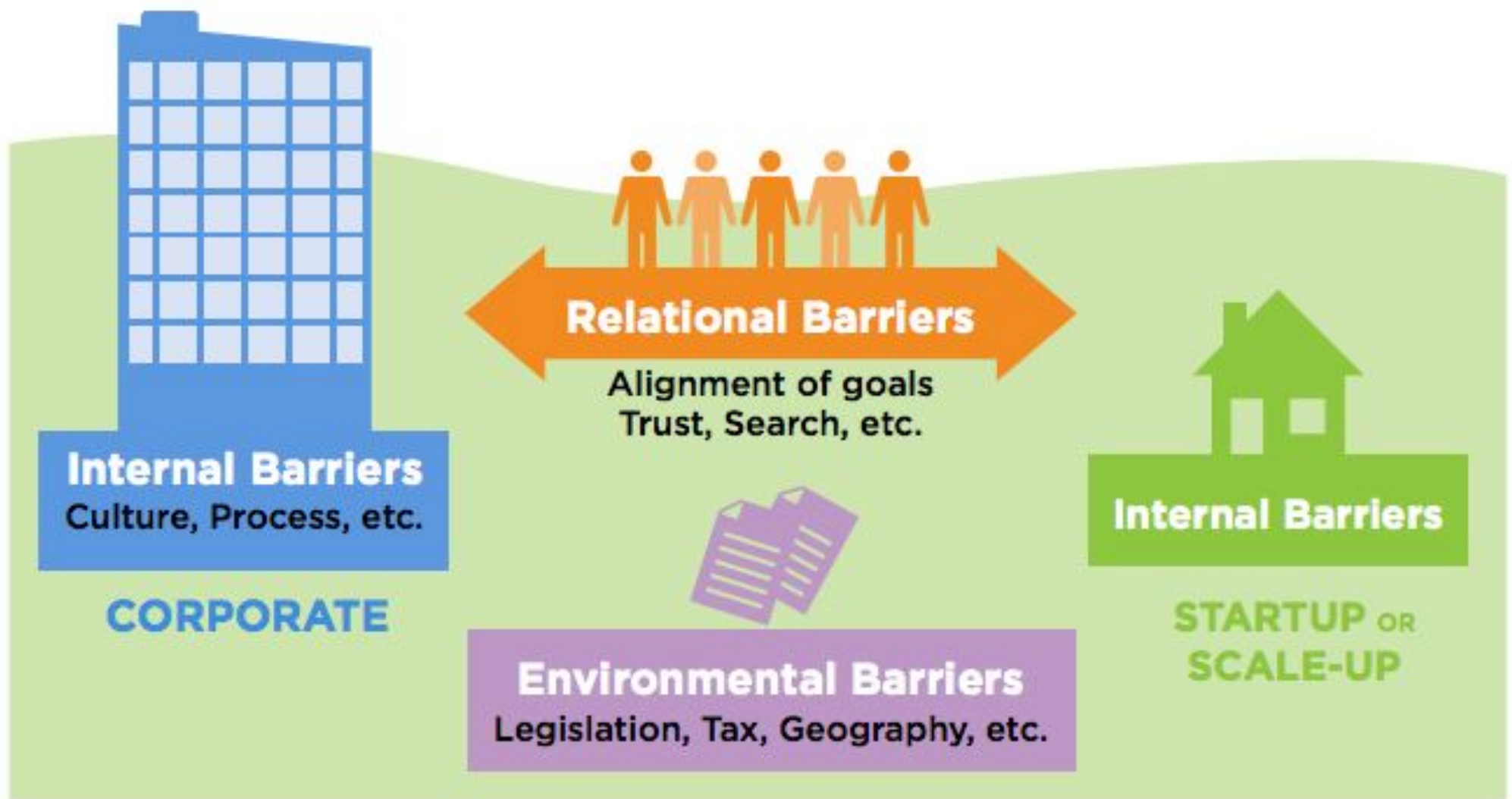
To Do: Drafting YOUR OI Strategy



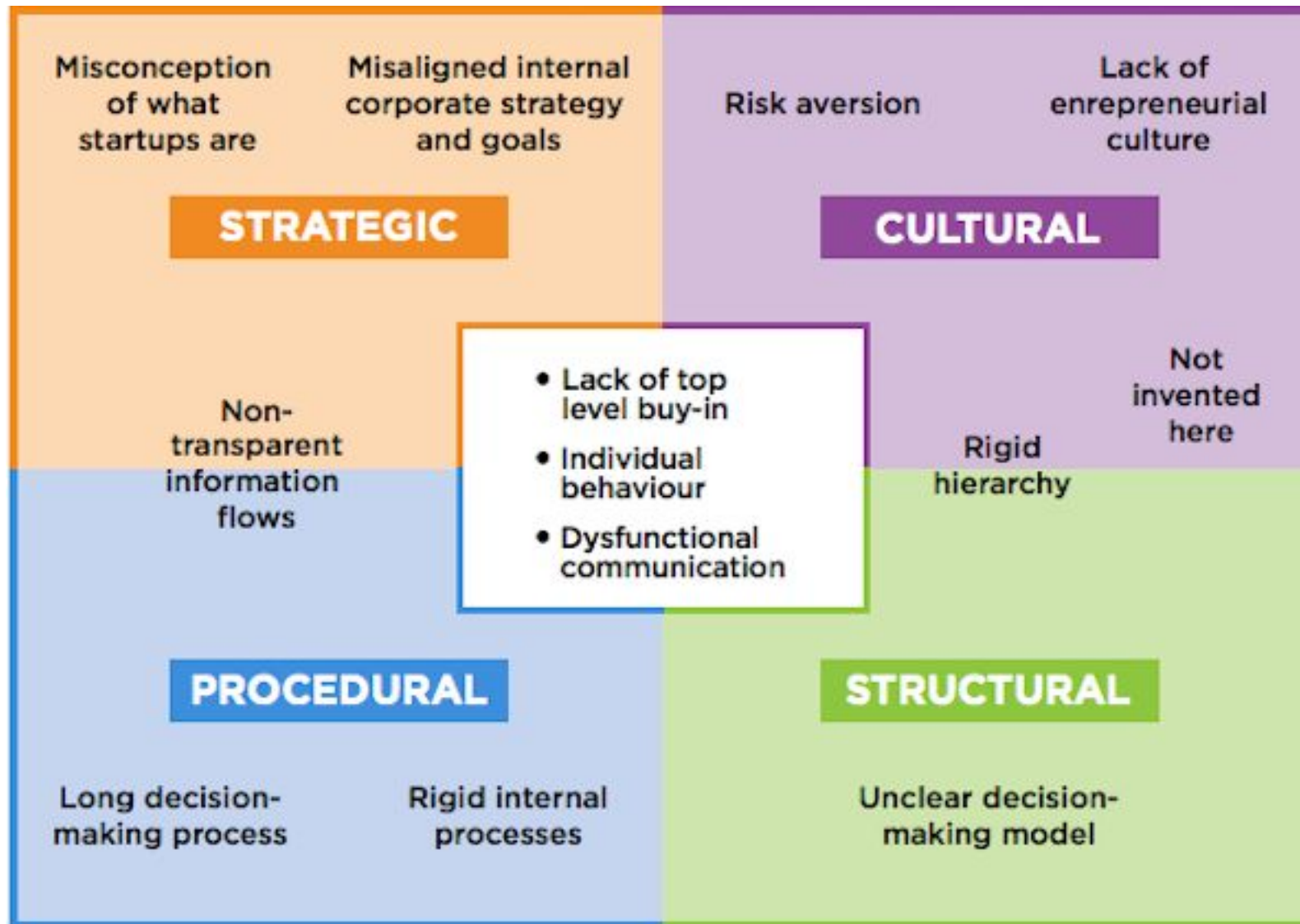
PILLARS

- Which are the main OI Areas you plan to address?
- How do you want to engage with startups and implement innovation?
- What are the key Areas for Technology Scouting?
- Who are the people in charge of the Open Innovation-related activities?
- Who are the internal stakeholders to be involved?
- Who are the decision makers to include?

Barriers to Effective Collaboration



Most Common Internal Barriers



ACTION PLAN

To Do: Action Plan



GROUP

- What is the Open Innovation key objective in 1 year?
- In 3 years time?



SHARING + DEBATE

With everyone



To Do: Action Plan



GROUP

Sharing in groups

- What is the Open Innovation key objective in 1 year?
- In 3 years time?



SHARING + DEBATE

With everyone



GROUP

Sharing in groups

- What are the 2-3 key actions involving startups planned for 2018?



SHARING + DEBATE

With everyone

To Do: Action Items



INDIVIDUALLY

- What are my personal action items?
- in 1 year?
- In 3 years time?



SHARING + DEBATE

With everyone



Today: what we have seen

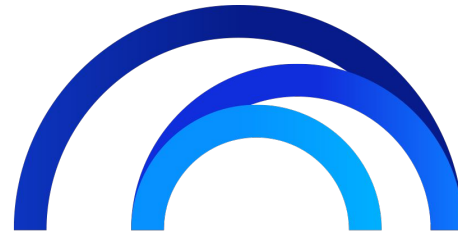


- ◆ Introduction
- ◆ Open Innovation (OI) Pillars
- ◆ Corporate OI Models: Trends, Case Studies and Comparable
- ◆ Mapping: Open Innovation Readiness
- ◆ OI Strategy: Main Lines of Actions



TAKEAWAY STATION





Mind the Bridge



Startup
Europe
Partnership



SEP SCALEUP SUMMIT

WIFI

Network: **Borsaitaliana**

Psw: **Borsa2018**

Hashtag

#SEPSS18

Organized by:



Powered by:



Fintech District



EIB Equity Risk Products



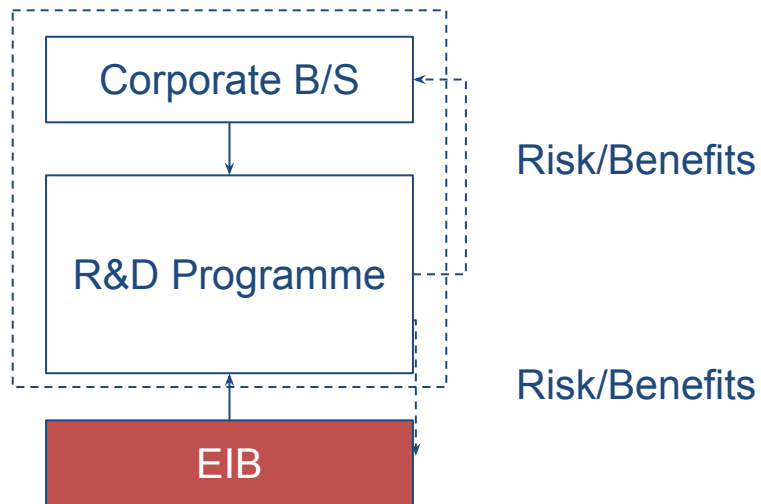
Context

- EIB active in equity/equity-type products for a long period of time (direct / indirect)
- EFSI – European Fund for Strategic Investors: December 2014 boosted the EIB equity-type activities: **EUR 5bn** (EFSI objective) by mid-2018
 - EUR 3.4 bn participations in private funds through EIB (mainly infrastructure), cooperation with NPBs and EIF (VC/PE)
 - EUR 1.6 bn direct quasi-equity and co-investments:
 - EUR 1bn quasi-equity growth capital for innovative SME and Mid-Caps (EIB venture debt)
 - EUR 0.6bn quasi-equity structures with Corporates & CVCs
 - Supporting European corporates for riskier R&D programmes and technological breakthroughs (key EU priorities)
 - Risk-sharing for the downside and the upside
 - Strong market interest from leading life science groups and large industrial players
- Overall EFSI equity window on track to reach it's target by mid-2018.
- What's for the next few years: Increased equity window of up to EUR 7bn by YE2020

Quasi-Equity Product overview

Growth Capital	Corporate Risk Sharing	Equity Co-Investments
SME/MidCaps	MidCaps/Large Corporates	SME/MidCaps
Debt product absorbing equity risk	Debt product absorbing equity risk	Equity co-investments
EUR 7.5- EUR 50m	EUR 7.5- EUR 90m	EUR 7.5- EUR25m
Improves IRR for sponsors and management	Off-balance sheet risk sharing structures for corporate R&D	Co-investments through CVCs, NPBs or other third parties

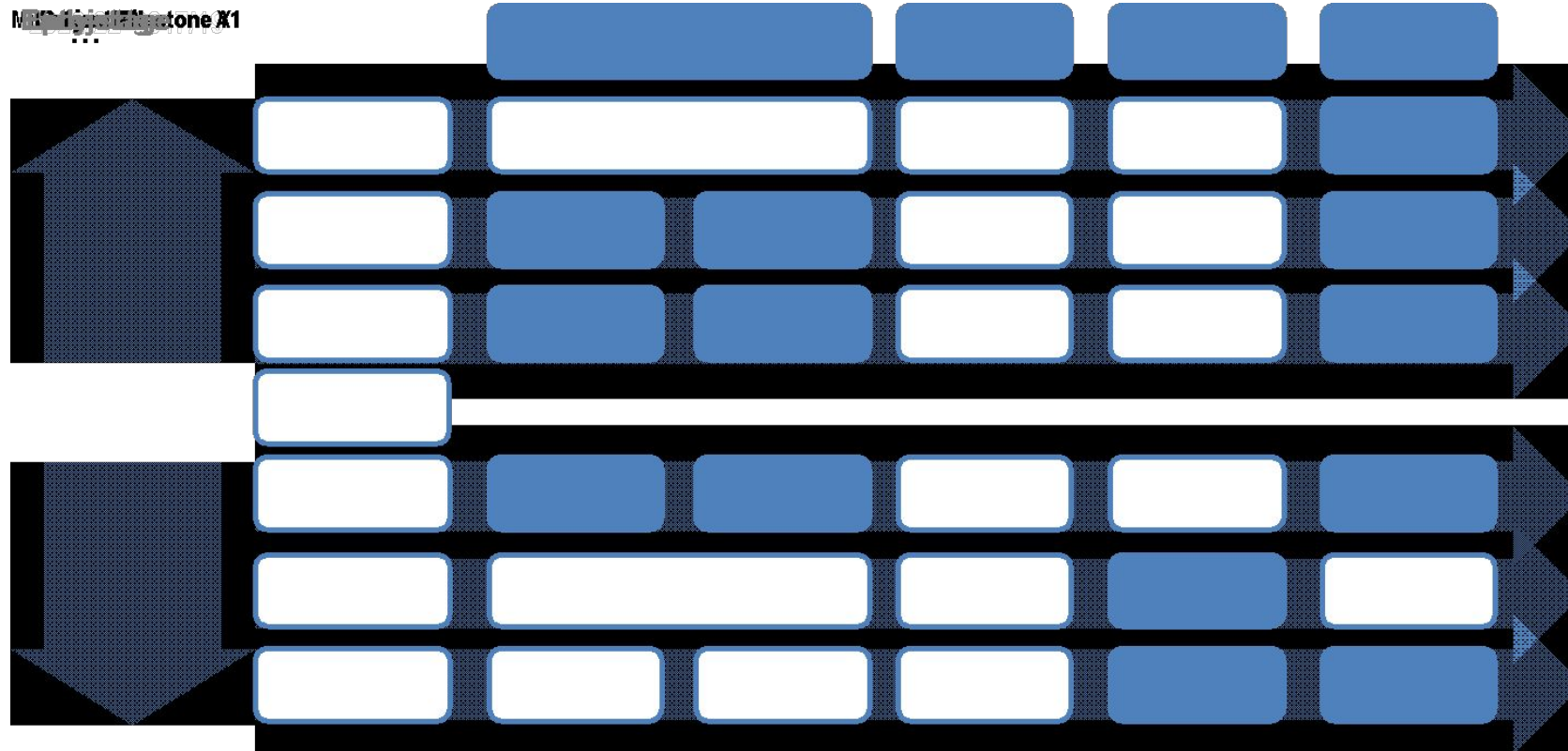
Corporate Risk Sharing (1)



- Risk-sharing funding structure linked to one or more ring-fenced R&D programme(s) (e.g. pharma, biotech, technology)
- Sharing of risk and return on the ring-fenced assets between EIB and the Corporate (limited or no recourse on the corporate B/S)
- Milestone-based structure for disbursements tracking R&D programme progress
- Repayments and remuneration contingent upon the success of the underlying assets or measurable milestones
- Remuneration could be detached from principal repayment, e.g. cash interest, deferred/PIK interest, royalties over a pre-defined time window
- Typical size EUR 7.5-90m but not exceeding 50% of total R&D programme cost

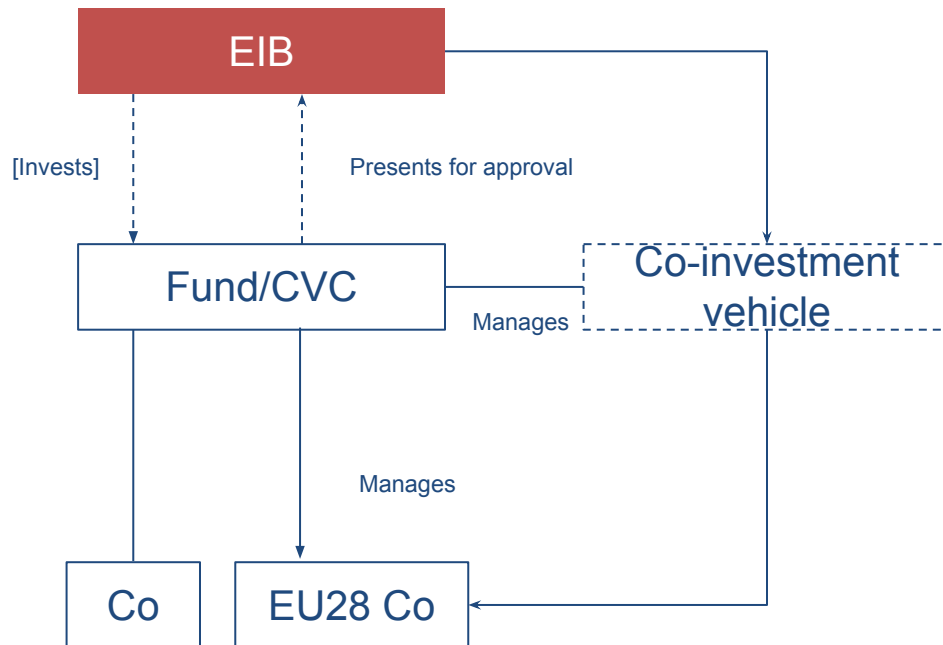
Corporate Risk Sharing (2)

EIB contingent risk-sharing structure (pharma example)



Equity Co-investments – SPV structure

Overview of the concept



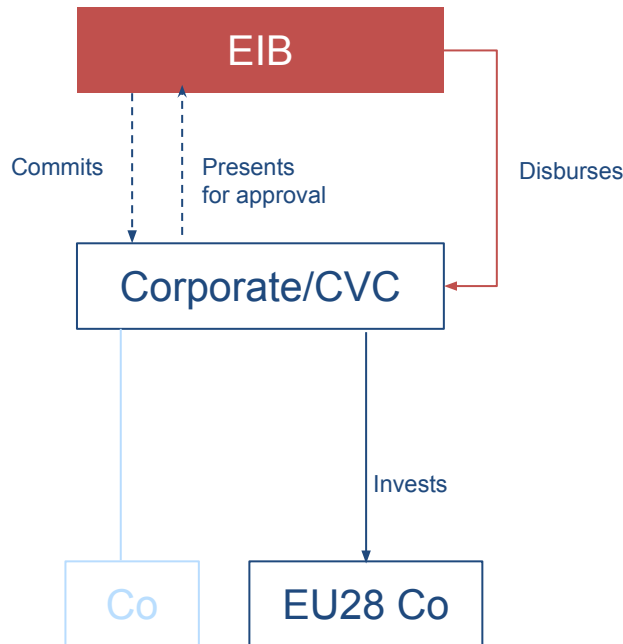
- Co-investments in minority stakes alongside captive funds / private investors
- Pre-defined eligibility of co-investments
- “Framework agreement” with desktop due diligence from EIB and delegation of investment management to the co-investment partners
- Underlying investments between EUR 5-25m
- Term of co-investment 7-9 years
- Pre-defined exit strategy
- Alignment of interest
- Limited to EU 28 countries

Benefits

- Additional capital for minority investments
- Control on investment decisions (EIB is “passive” investor)
- Quick response time
- Stable, long-term partner
- Risk sharing in the portfolio performance

Equity Co-investments – contingent risk sharing

Overview of the concept



- EIB commits upfront a specific amount (> EUR 50m) in a form of a contingent and participating instrument
- Underlying investments between EUR 5-25m+
- Corporate & EIB agree on the scope (eligibility) of the investment programme
- Corporate responsible for investments on behalf of both parties
- Repayment of invested capital is contingent upon successful exit
- The investment is participating pro-rata in the upside, excluding potential transaction costs

Benefits

- Additional resources for minority investments
- Delegated approach past the initial screening
- No SPV needed
- Stable, long-term partner

Equity Co-Investments Pros and Cons

A. SPV Co-investment

Typical co-investment structure where the CVC sets up an SPV for the purpose of the co-investment, EIB acts as an “LP” in the main captive fund

Pros:

- + *Funding does not appear as a liability on the B/S*
- + *Same jurisdiction as the main entity*
- + *Easier to establish or extend the same governance structure as the CVC*

Cons:

- *SPV set-up and admin costs*
- *Consolidation issues*

B. Contingent structure

EIB provides a commitment in the form of a contingent participating loan to the CVC to leverage its equity participations

Pros:

- + *Less costly and simpler to put together*
- + *No direct recourse on the CVC*

Cons:

- *Most likely will be treated as a B/S liability*
- *Repayment structure defined as for loans*
- *“Debt-type” reps and warranties*
- *Consolidation issues*

Regardless of the structure, the operational logic is one of partial delegation, i.e. the CVC front and lead the investment process while EIB plays the role of a follower based on its own internal review of the deal documentation (limited to a number of days, e.g. 15 bd)

Thank you!

SEP SCALEUP SUMMIT

Thank you for the attention
and join the Vertical Deep Dives
and 1:1 Matching



Vertical Deep Dives

1:1 Curated Matching

16.00– 16.45

Blockchain, , powered by *Enel*
in Sala Blu 70

16.00 -19.00

Area Scavi, Aula Training,
ETD and IDEM rooms

16.45 – 17.30

AI/Machine Learning, powered by *SAP*
in Sala Gialla 50

SEP SCALEUP SUMMIT



Startup
Europe
Partnership

