

ENTREPRENEURSHIP

The experience of a Business Angel

22 / 04 / 2024

University of Trieste

Carlo Asquini
carlo.asquini@asquini.net



Brief intro about me



Member of Italian Angels for Growth since 2008, the largest network of Business Angels in Italy with 100+ investments done (€50+mln directly invested) & 300+ members.

(www.italianangels.net)

Co-founder (2016) & **President** of **Unicorn Trainers Club**, association based in Udine for innovation enthusiasts aimed at developing the culture of open innovation and promoting Venture Capital activity (www.unicorntainers.it)



15+ years experience in the start-up ecosystem



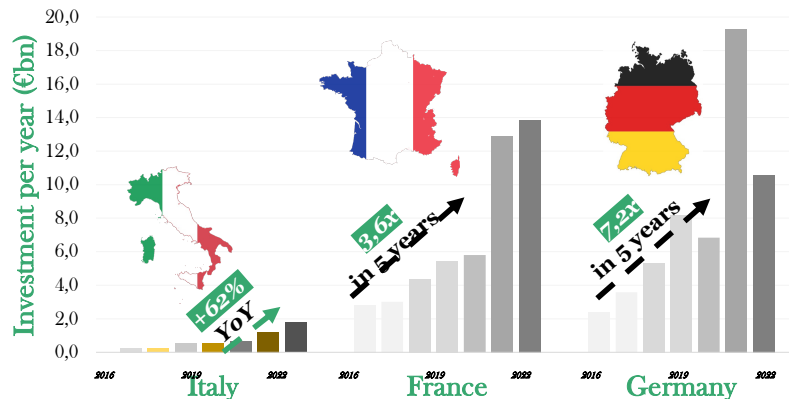
AGENDA

- **An interesting context ...**
- Development stages of an initiative and accessible resources
- How to present your start-up
- How to build a successful startup
- How to determine the value of a startup?

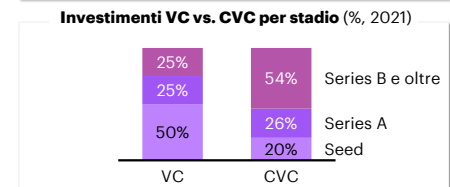
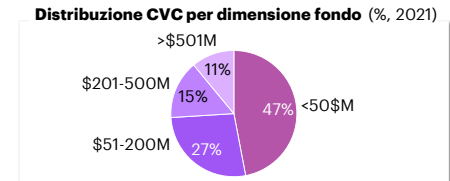
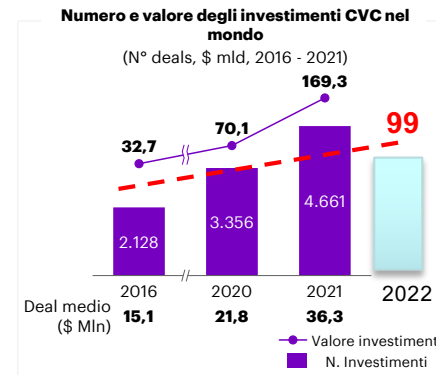
An interesting context in terms of size and opportunities

Ab. \$81 bln invested from **Venture Capital** in Europe in 2022
(ab. \$415 bln invested Worldwide)
UK≈\$26 bln(n#2,1k)
GER≈\$10 bln(n#866)
FRA≈\$12,6 bln(n#983)
ITA≈\$2,5 bln (n#106)

The EU Market



Significant growth of **Corporate Venture Capital**
In 2022 it accounted for approx. 25% of the entire VC



The Traditional Venture Capital Pipeline Is Expanding

	EARLY STAGE	GROWTH STAGE	EXIT STAGE
Traditional Route	Seed VC	Venture capital	IPO
Expanded Routes	Seed VC	Venture capital	IPO
	Rolling funds	Rolling funds	SPAC
	Crowdfunding	Private stock exchange	Direct listing
	Angel investments		

CBINSIGHTS

Companies must **revise their business models more and more frequently** to avoid the risk of being pushed to the margins of the market

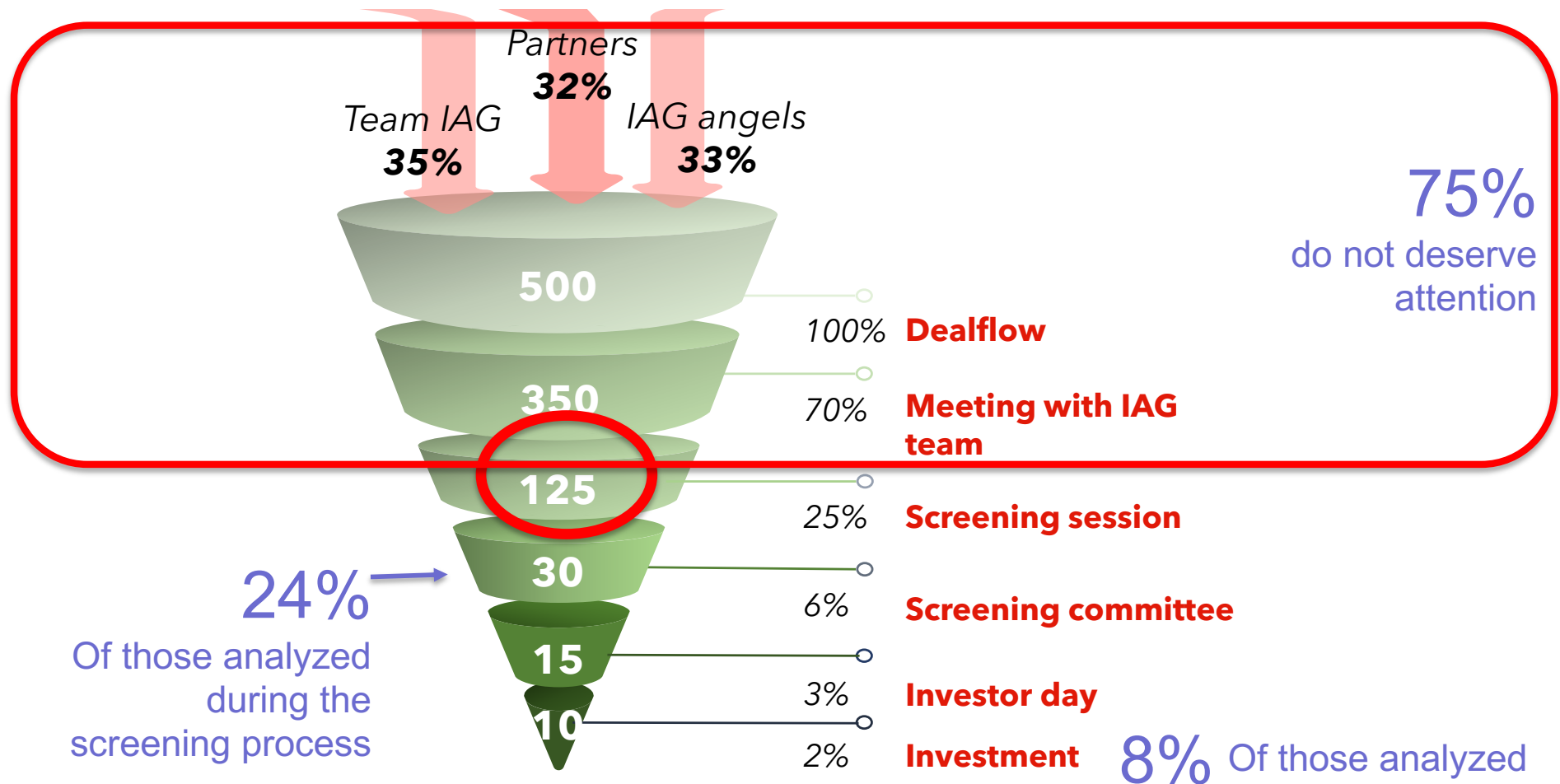
The COVID-19 crisis has increased the need for many companies to revolutionize their organizations (internal R&D // acquisitions)

Agile experimentation: new design challenges, to make innovation by changing the rules of the game



A recurring issue

7.000+ startups analyzed in IAG in 15 years
About **500** per year, **but ...**





To «play the game» you need:

- A good **team** & a **business idea**
- To know the **rules** of Venture Capital:
 - Speed of growth
 - Common practices (rights & responsibilities)
 - Exit strategy
 - ...
- To know **who** you are looking for
- To know **how** to attract the interest of an investor
- To know that to raise capital is a **long process** where you have to show all your personality



Many start-ups are unsuccessful due to the lack of business culture and mistakes made in the initial stages of development

Depending on the evolutionary stage in which they are, they need:

- adequate teams with diversified skills
- trained (experienced) consultants
- management control
- finance
- relations with corporates

The valuation?
... the least of the problems!

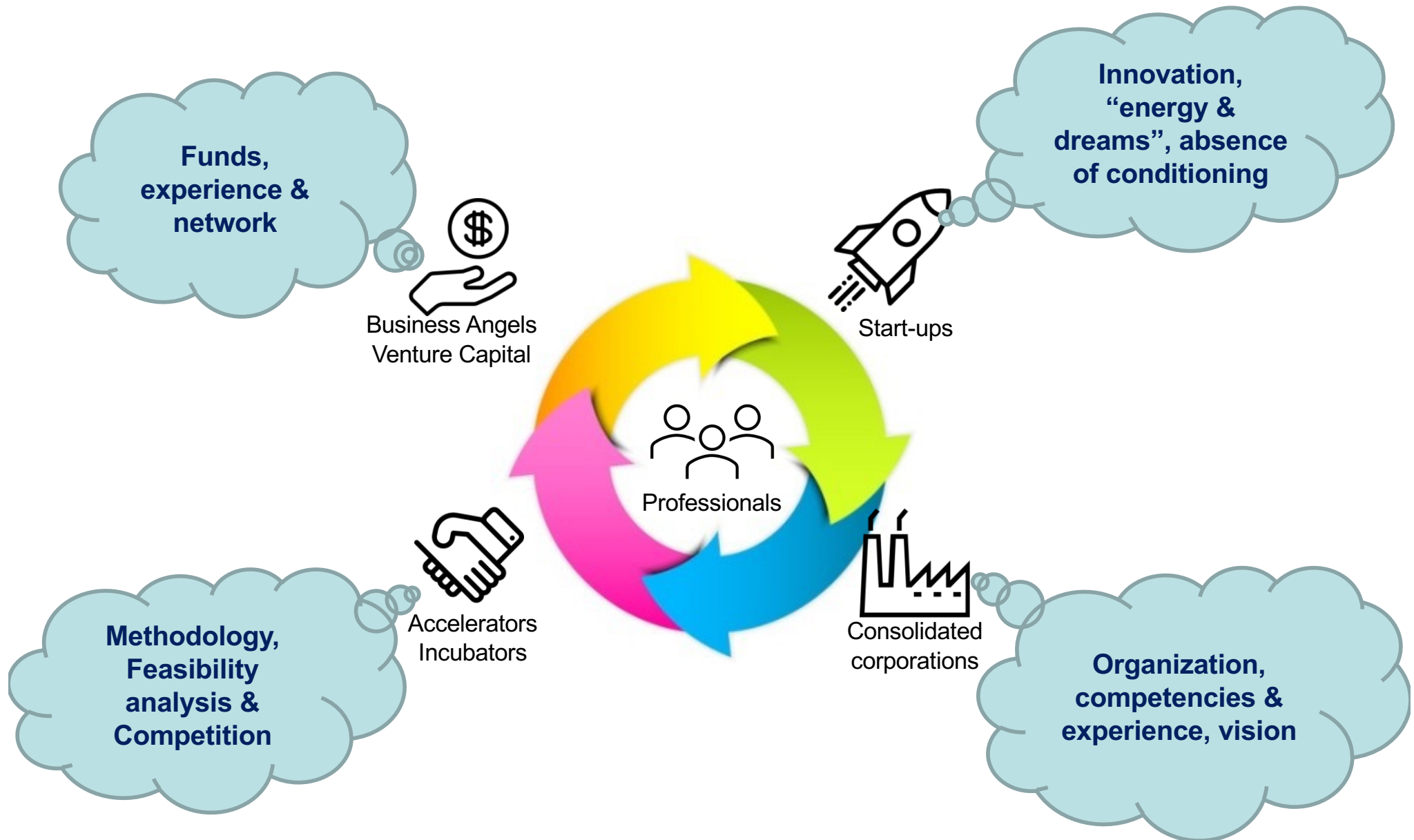
Elements that has to be always kept in mind

- **TEAM**, the most important factor (!), better 2/3 co-founders (e.g. CEO, CTO, COO), show commitment, vision, leadership, passion etc..!
- **MARKET**, large enough? Understand well who the buyer is and the sale process.
- **TIMING**, is the market ready for this?
- **COMPETITIVE ADVANTAGE**, how compelling is it? Barriers to entry? May be good to have some competition but watch-out for overpowering competition(!) and do not underestimate competitors' reaction.
- **SCALE**, how profitable and valuable business can be? Can we afford the scaling requirement or it will be too costly ? Focus on the key drivers!
- **EXIT**, how do I exit from the deal and in what time frame ?



A virtuous ecosystem ...

... if we can guarantee the coordination of the various actors!





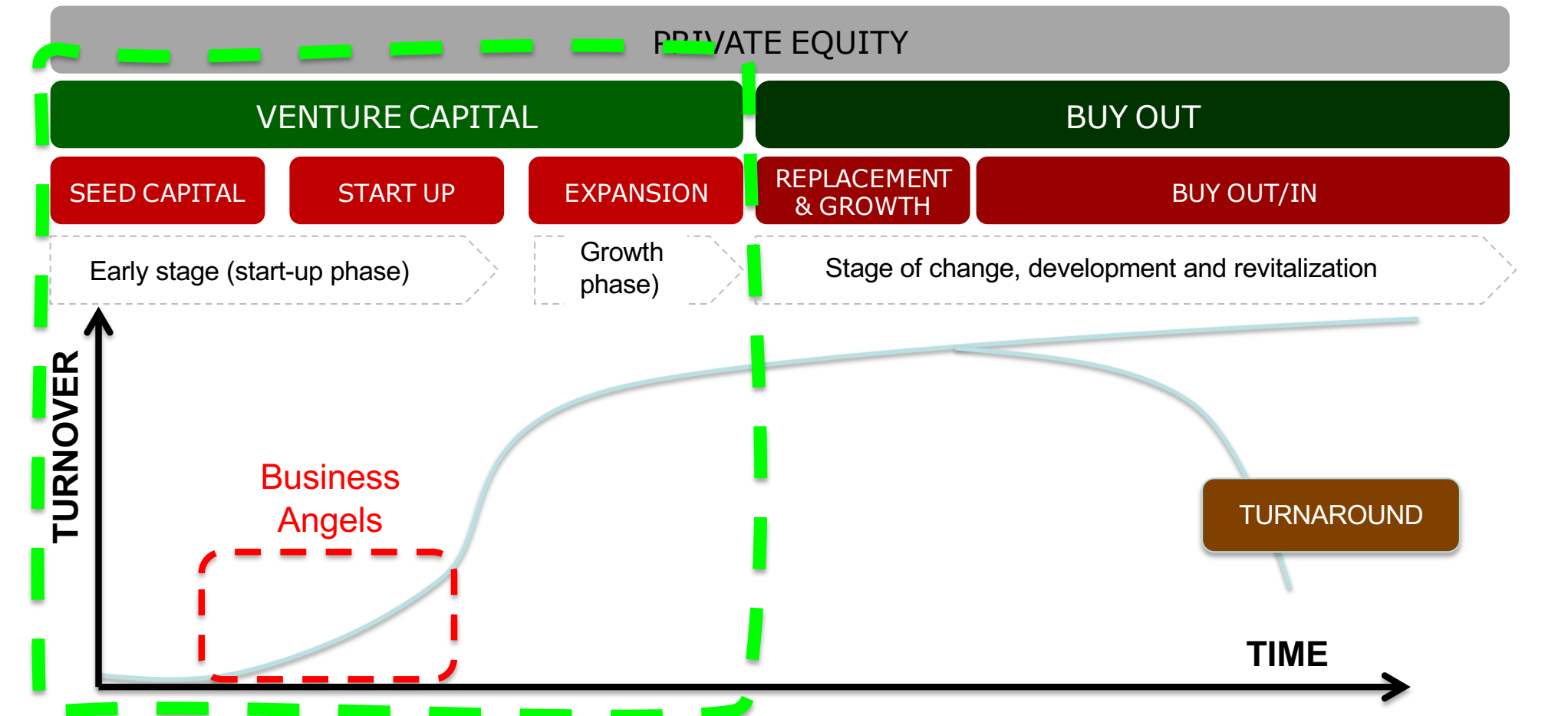
AGENDA

- An interesting context ...
- **Development stages of an initiative and accessible resources**
- How to present your start-up
- How to build a successful startup
- How to determine the value of a startup?



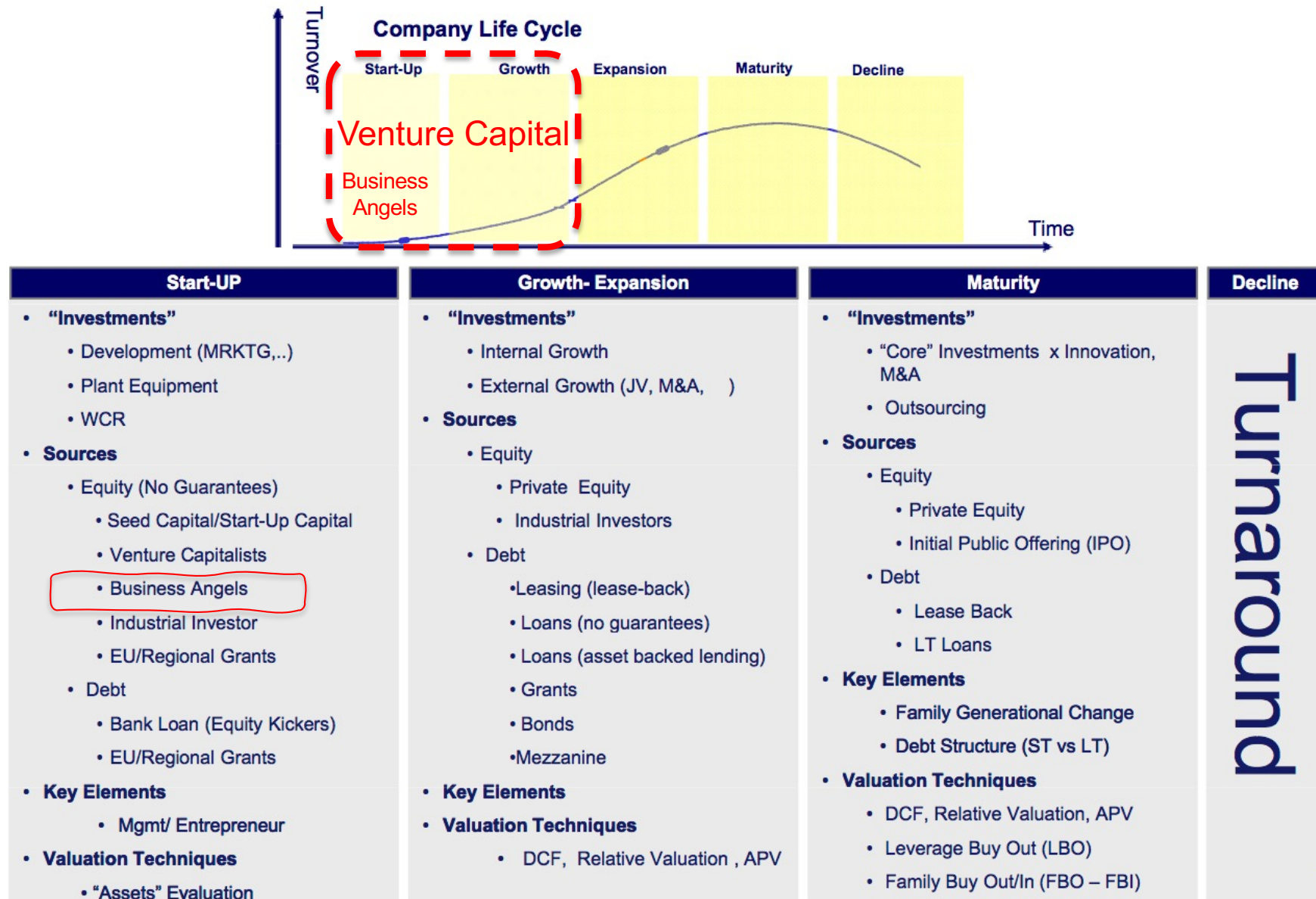
PRIVATE EQUITY - DEFINITION

Financial activity by which an institutional investor acquires shares in a target company - not listed and with high development potential and / or with the ability to generate constant and predictable cash flows - either by acquiring shares from existing shareholders or by underwriting newly issued shares in order to bring new capital into the target.





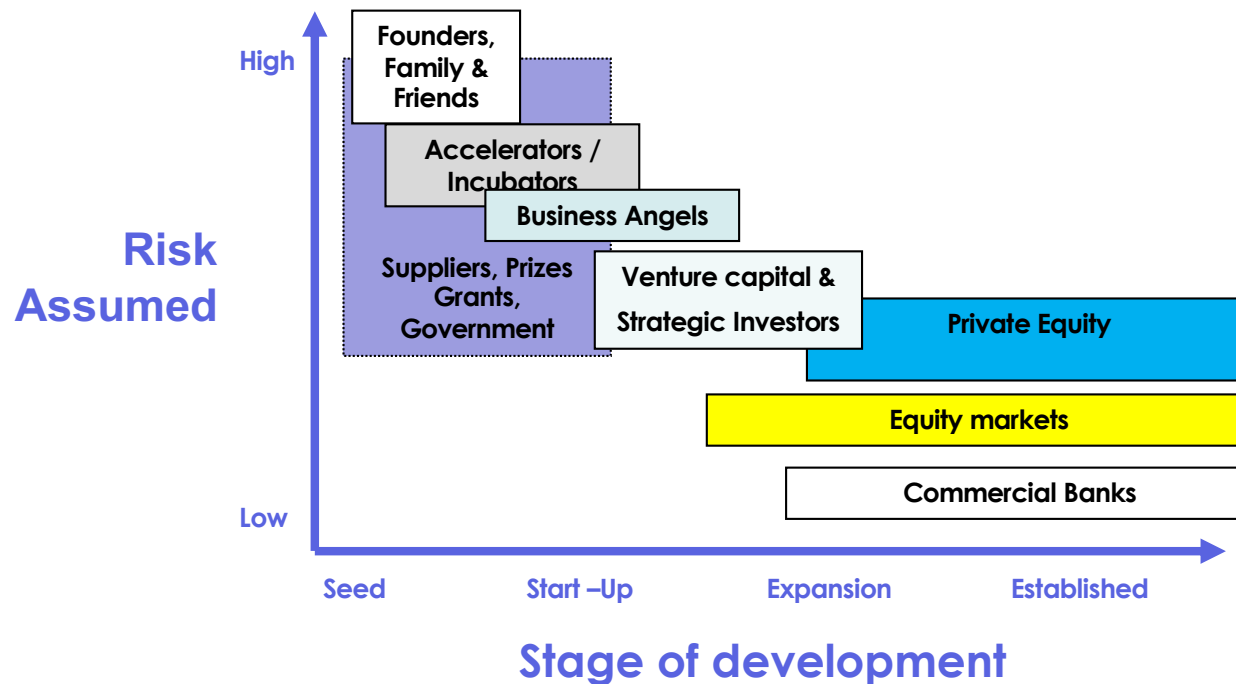
When Venture Capital is involved?





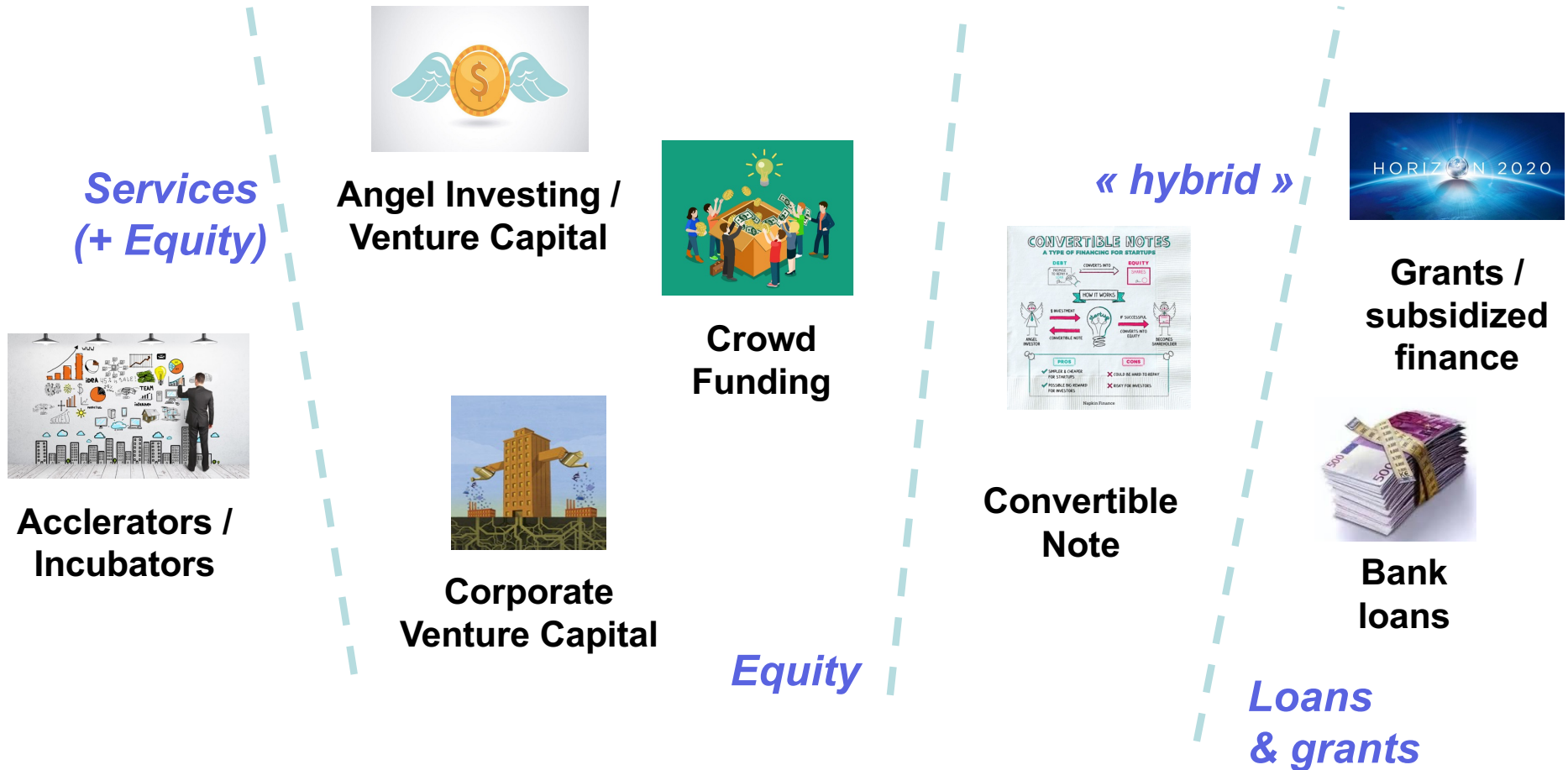
Sources to finance innovation

Sources of cash at different stages of a company's development





How to finance innovation?



NB: the founders of an initiative must clearly have in mind:

- Why they are searching money? (development accelerator, need of an industrial partner, ...)
- Development stage of their project/idea/startup
- different characteristics of the potential investors (risk approach, size of the investment ticket, investment period, industry focus, ...)



Angel Investing ...

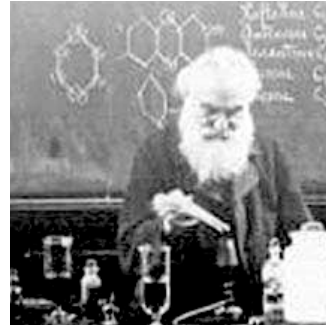
- The match between:
 - **Business Angels (BAs);** individuals who contribute their time, knowledge, contacts and/or money to growth businesses in exchange for equity or (convertible) debt to be repaid.
 - Entrepreneurs / "**start-uppers**" who need financing to grow their businesses





Angels' qualities ...

A BA wants to be present, active and **wants to help / facilitate** the development of the day by day activity ... **But does not replace the entrepreneur**



Feeling with the entrepreneur and **knowledge of technology** are essential to make an Investment



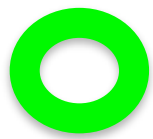
Be patient
the average
"time to exit" of
an investment
is 6/7 years
(even longer in
certain sectors)



A BA is part of a network where information are **constantly shared**. It 'an **amplifier** of successes ...

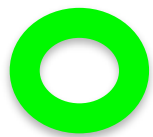


... and any **weaknesses!**



The Business Angel support ^(1/2)

- In a startup he is the first investor with an **institutional approach**
- Shares managerial **experience** with more inexperienced founders in the day-to-day
- Supports entrepreneurs in **negotiating** with institutional investors in later rounds
- Shares business **contacts** for business development
- Helps **find key resources** to join the workforce of funded companies
- Asks founders for their first periodic **reports!**



The Business Angel support (2/2)



Seed investment (PreSeed & go-to-market)

- Support in defining the business strategy
- Improvement of the corporate organization
- Fundraising support
- Team Coaching



Early stage investment (scaling)

- Sharing personal network to attract potential clients
- Improving monitoring system and relationship with investors
- Supporting business development
- Strategic support

What are Angels looking for?

YES

- **An outstanding Management team**
- An exciting idea with a sound business model
- The possibility to help filling critical gaps
- **High returns**
- **Exit**

NO

- Entrepreneurs and co-investors they do not trust
- Entrepreneurs that do not finance their own business and/or did not get financing from family and friends
- **Absence of at least one full time founder**
- Management that asks for too much all together and/or is not specific about the use of the funds
- Statements like:
 - “we do not have competitors”
 - “the market is so big that there is space for everybody”



Business Angel Networks (BAN)

Individual angel investing has some **limitations**:

- ❑ **Limited number of deals:**
 - Limited financial resources
 - difficulty in supporting a large number of projects
- ❑ **Insufficient diversification**
- ❑ **Difficulty in investing in lesser known sectors**

Being part of **Business Angels Networks (BAN)** allows:

- **Diversification**
- **Exchange of skills**
- **Quantity / Flexibility** (multiple investments with limited resources)
- **Size** (ability to access larger deals)



Type of "Groups"

- **Business Angel Networks** - monthly meeting to view investment opportunities and network with other Business Angels
- **Syndicates** - join others for due diligence and negotiation on a deal, make investment decision on your own
- **Investment Pool** – pool money with others; do due diligence and investment decision as a group; shares are in individual or group name
- Co Investment fund (**SIDECAR FUND**) - your money is invested along others. No investment vote



Angel Investing vs. Venture Capital



+ formal
& larger equity
ticket

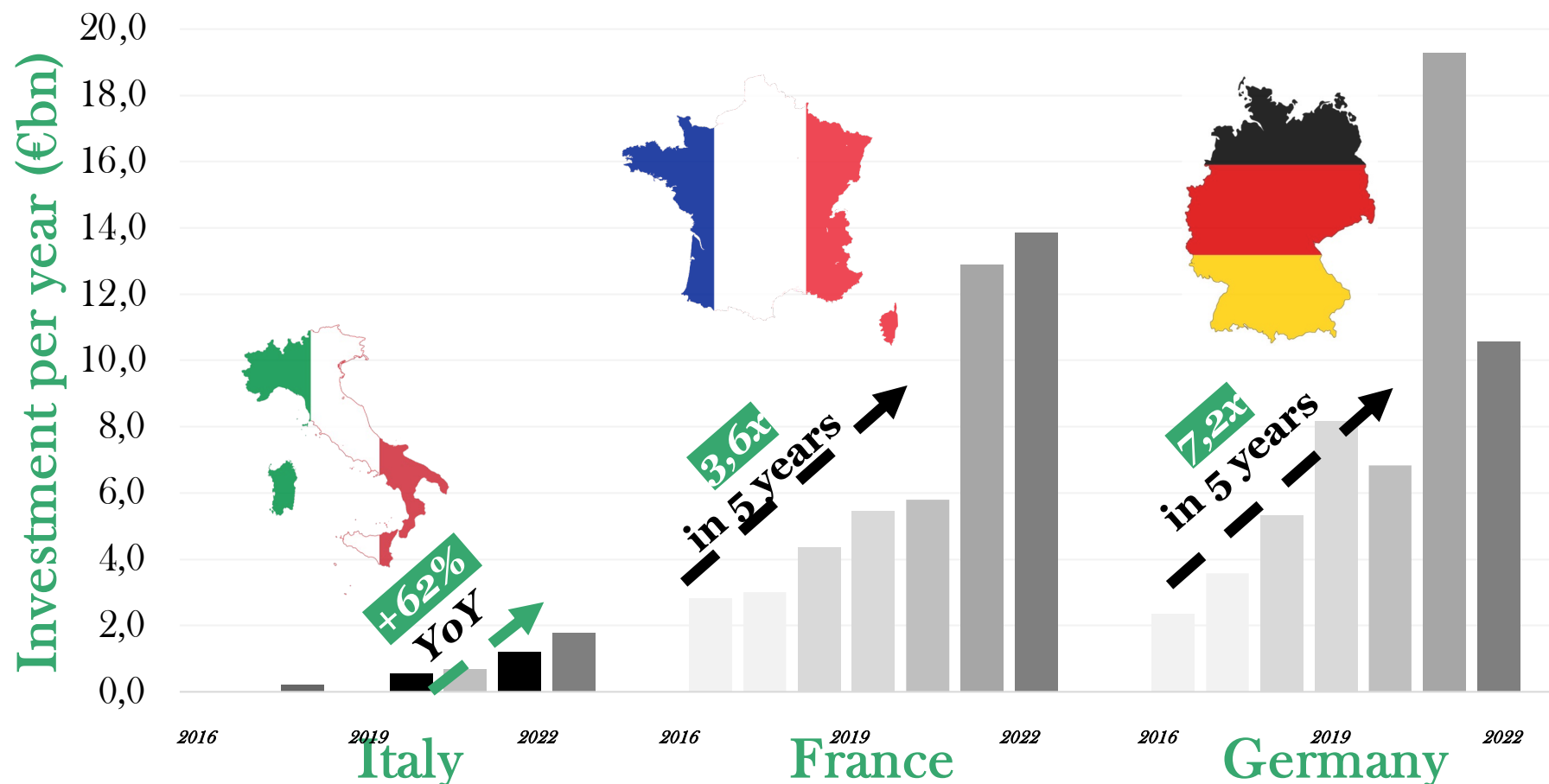
- formal





Venture Capital Italy

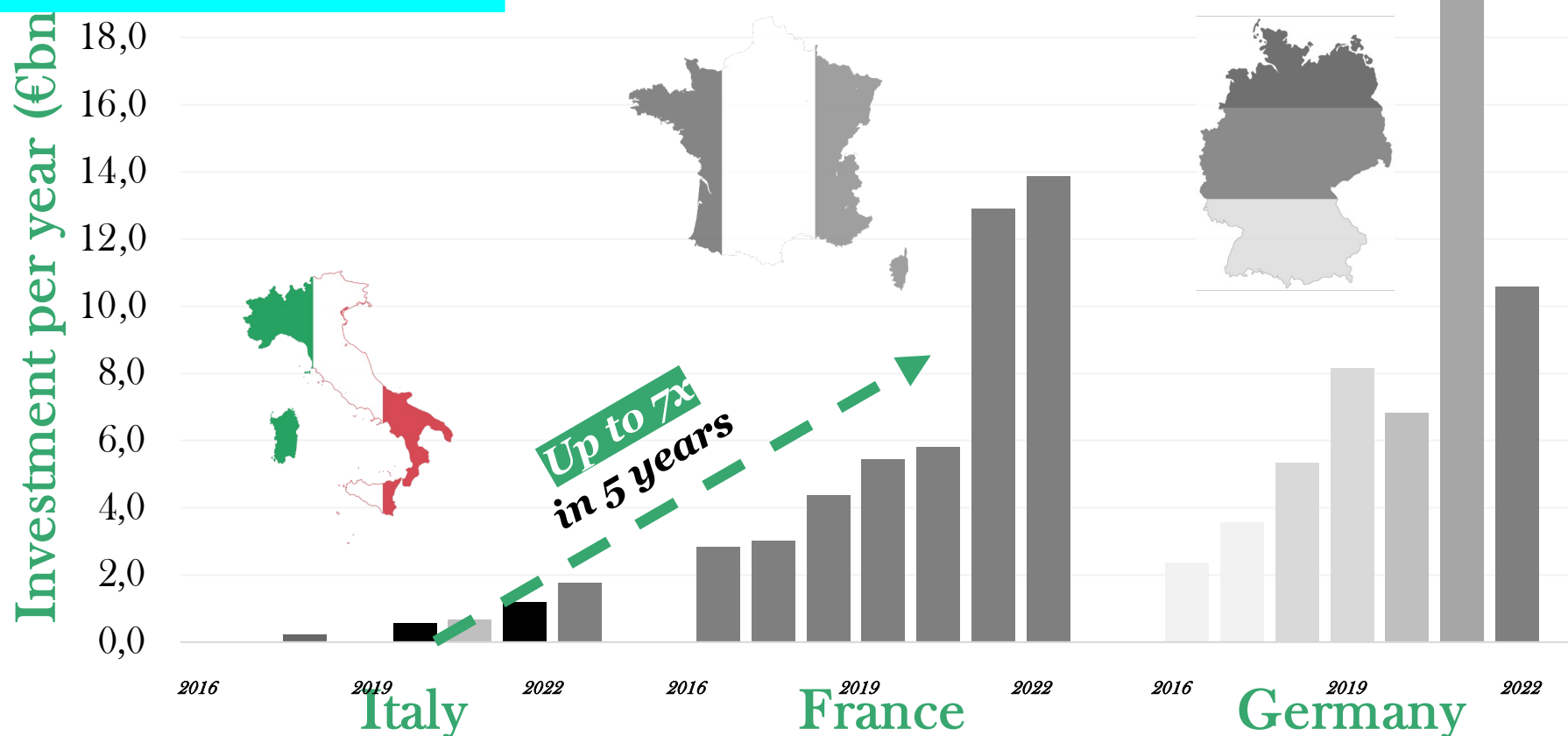
... compared to France & Germany





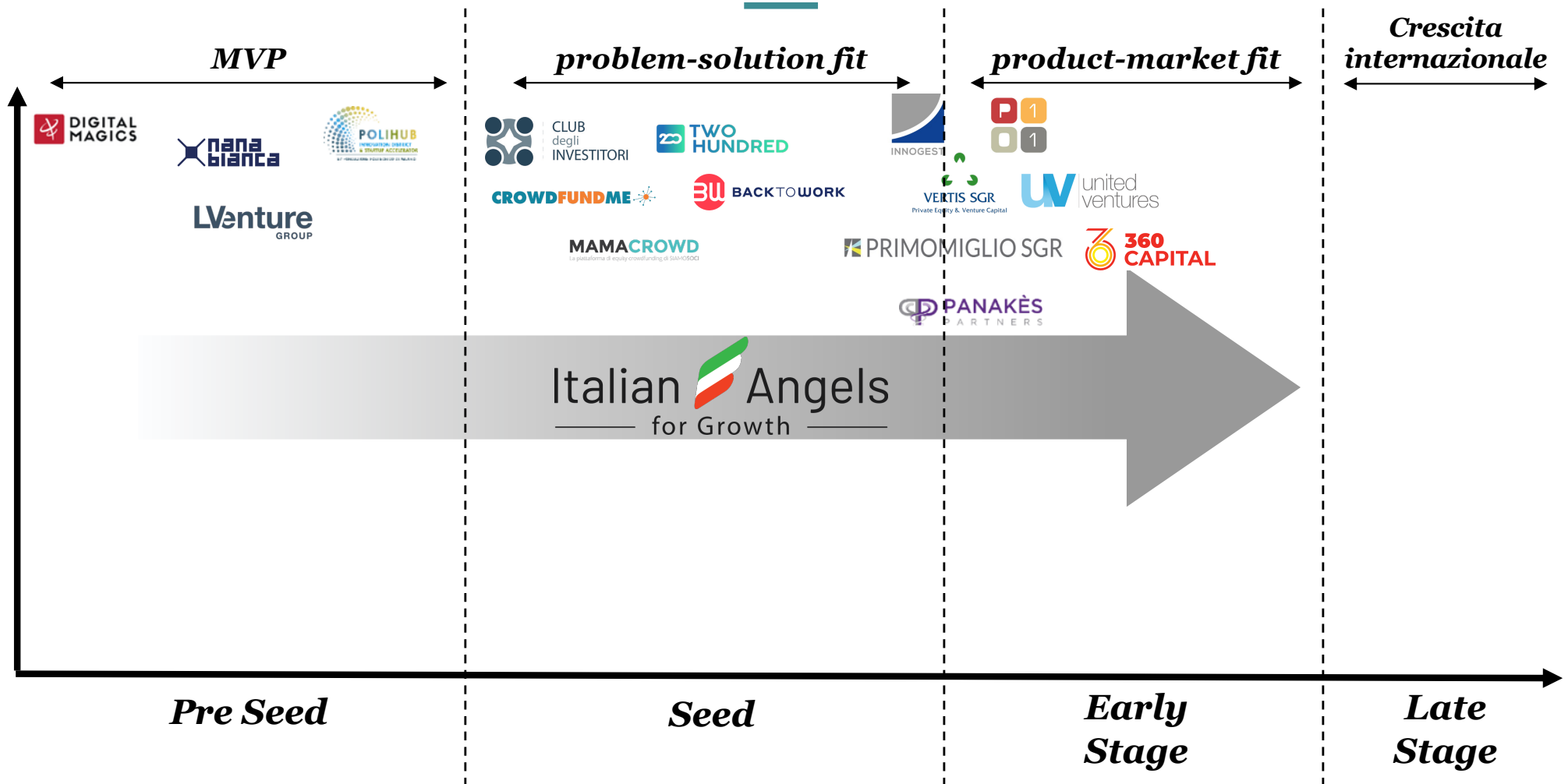
Venture Capital Italy

We are building today the portfolio of tomorrow



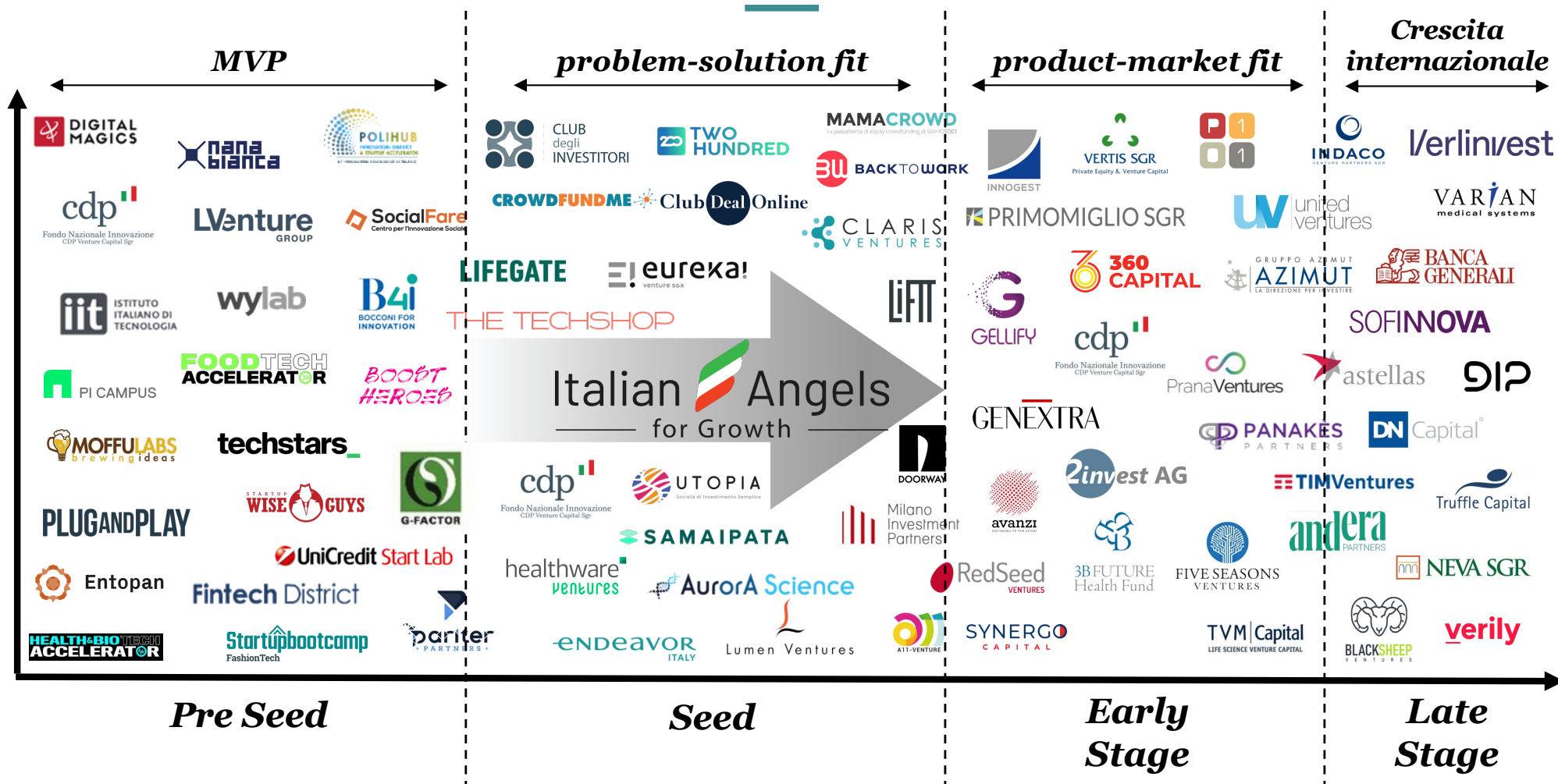


OLD ITALIAN VC ECOSYSTEM





NEW ITALIAN VC ECOSYSTEM





Corporate Venture Capital





Crowdfunding

peer-to-peer lending

The public lends money to a company on the assumption that it will be repaid with interest

Equity Crowdfunding

Sale of a company stake to various investors that provided financing

Rewards ("Product") Crowdfunding

Private individuals make a donation to a project or a business activity expecting to receive in exchange for their contribution a non-financial reward such as goods or services

Donation based Crowdfunding

Private individuals donate small amounts to contribute to the broader funding objectives of a given charitable project without receiving any financial or material compensation

*Non financial
advantages ...*

Test and idea
validation

Access to
the **crowd**

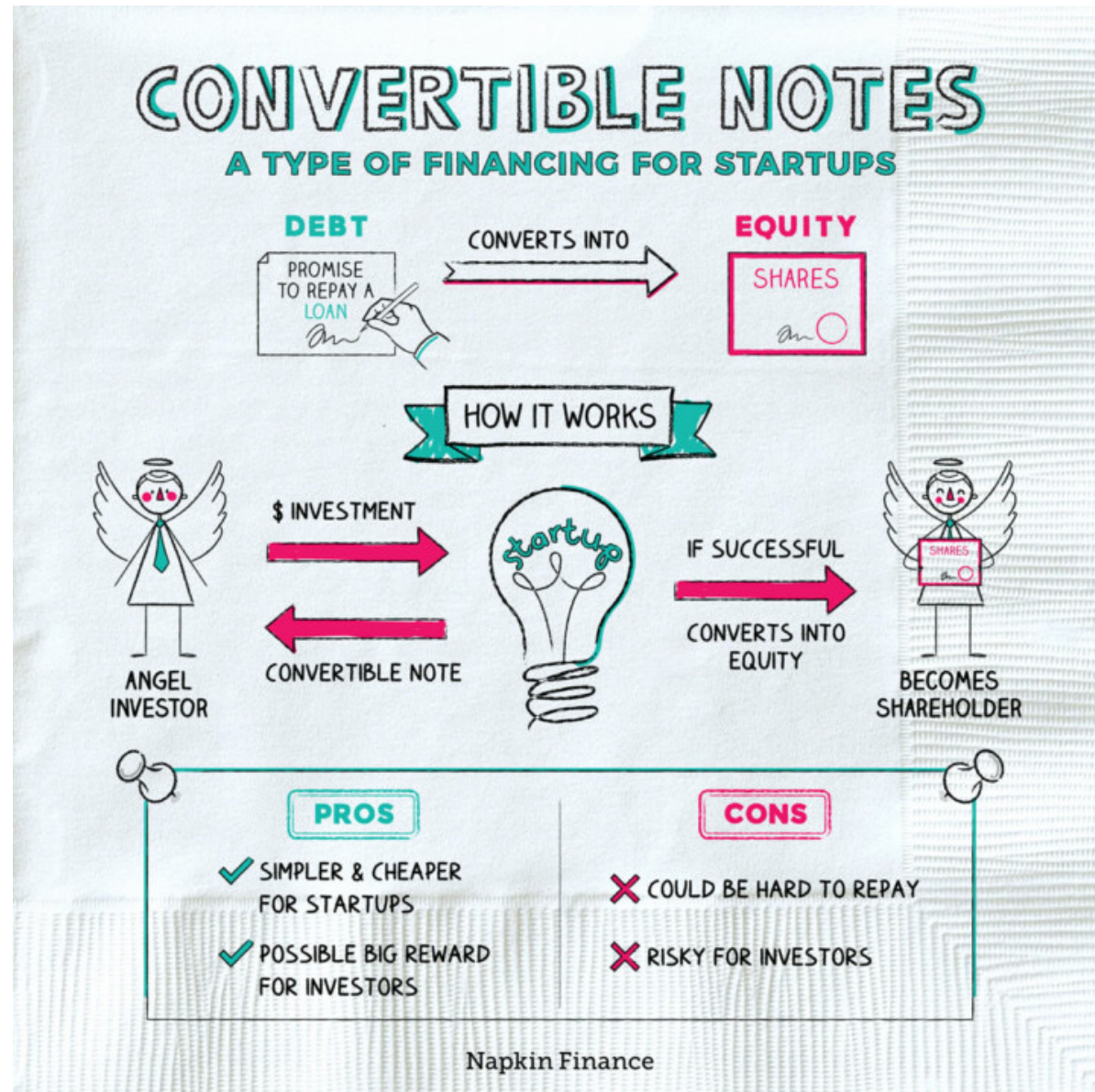
Powerful
marketing
instrument

Aid to obtain
other forms of
financing

Sound preparation is required for success (not to be taken for granted)



Convertible notes





AGENDA

- An interesting context ...
- Development stages of an initiative and accessible resources
- **How to present your start-up**
- How to build a successful startup
- How to determine the value of a startup?



Elements that has to be always kept in mind

- **TEAM**, the most important factor (!), better 2/3 co-founders (e.g. CEO, CTO, COO), show commitment, vision, leadership, passion etc..!
- **MARKET**, large enough? Understand well who the buyer is and the sale process.
- **TIMING**, is the market ready for this?
- **COMPETITIVE ADVANTAGE**, how compelling is it? Barriers to entry? May be good to have some competition but watch-out for overpowering competition(!) and do not underestimate competitors' reaction.
- **SCALE**, how profitable and valuable business can be? Can we afford the scaling requirement or it will be too costly ? Focus on the key drivers!
- **EXIT**, how do I exit from the deal and in what time frame ?



Have a Script !

Opening, set a hook, tell stories that absolutely hook your audience/investor to hear the rest of your pitch (e.g. genesis of the co's name, where did logo come from, sth that happened to you that led you into it) use similies, analogies, methaphors to engage your audience

Middle, 1. What is your Product / Service? 2. Which is your market? 3. How will you make money? 4. Who is behind the company? 5. Who are your competitors? 6. What is your competitive advantage?

Close, what do you want? What do you need? Figure out thoroughly what you are asking for...!

Your presentation should contain the following:

- 1) Project name & brief tagline
- 2) What it is (be brief simple and clear)
- 3) What problem it solves (what it does and why it matters)
- 4) Who it serves (your audience/communities)
- 5) Marketing strategy (how will you build an audience)
- 6) Cost and Revenues/Business Model (how will you make money)
- 7) Team/Why You (your relevant background)
- 8) Other Key Points (competition, obstacles, design)
- 9) Launch Plan/Next Steps



How to present your start-up

BUSINESS PLAN vs. ELEVATOR PITCH

Providing the right information at the right time is crucial to secure attention and be remembered

Executive summary

- 1, max 2 pages
- Market description, potential and growth
- Unmet market needs
- USP: unique selling proposition
- Presence of IP
- Competitors
- Team
- Project milestones
- Funds needs and use
- Cash forecasts

By e-mail, NO spam, be focused

Pitch

- 10/15 slides max
- Market description, potential and growth
- Unmet market needs
- USP: unique selling proposition
- IP and technology brief description
- Competitors
- Team
- Project milestones
- Expected market share and price positioning
- Funds needs and use
- Cash forecasts
- SWOT

At the first meeting or in case of request of further information

Full business plan

- 30/60 pages
- Executive summary
- Team – full cvs
- Full market description
- Unmet needs in details
- USP: unique selling proposition and stakeholders advantages
- Detailed technological description and IP
- Competitors and possible reactions
- Detailed development plan
- Marketing plan
- Resource needs
- Cash needs and detailed use
- Provisional P&L, BS and CF

After interest has been expressed an NDA can be signed



Suggestions for an effective elevator pitch

- Be brief and concise
- The first “10 seconds” are crucial
- **Manage well the time available**
- Present yourself, but do not overdo it
- **The pitch changes and evolves together with your startup**
- Make sure to answer all the questions that will be posed to you
- **Practice** with your friends
- **Adapt** your pitch to the person you are talking to



AGENDA

- An interesting context ...
- Development stages of an initiative and accessible resources
- How to present your start-up
- **How to build a successful startup**
- How to determine the value of a startup?



How to build a successful startup

1. Find a **business idea** and tell everybody
 2. Analyze the business idea with the **feedback** raised
 3. Build the best **Team** possible
 4. Follow the **Lean Startup** method
 5. Validate the model and develop useful **metrics**
 6. Search the **first seed**
 7. **Work fulltime**
- It's crucial to distinguish an **idea** from a **business idea**.
 - The business idea is an idea that is also **applicable on the market** and that **solves problems**. A business idea must be **ECONOMICALLY ATTRACTIVE**.
 - **Once you have identified it, tell everyone without any fear.** To understand if your idea works **you must receive people's feedback**. It may be wonderful in your head, but if many say or make you understand that it is not, you should revise it.
 - It is essential to **surround yourself with people willing to give advice**.
 - **There is no perfect idea from the beginning.**



Mistakes to avoid

- **Missing pain:** A lot of talks about technology, without mentioning customers
- **Blue Ocean:** we create the market with our own revolution!
- **Salesphobia:** technology sells itself. No need to invest in marketing, sales and business skills.
- **One man show:** I'm enough!
- **The Scottish syndrome:** we will make few investments because we do not want to ask for a lot of capital (and thus dilute ourselves...)
- **Don't leave me this way:** disinvest? Why?
- **Why should I trust you:** Before I tell you what my name is, sign a confidentiality agreement
- **100% of 0 >> 10% of 10⁹:** I'd rather be the king of nothing than have a part of the whole (and always be the key man if I deserve it)



Some examples

- Be curious
- You don't necessarily need ideas that can revolutionize the World
- Don't be alone
- Change your business model if you need to
- Try to understand when it is time to stop
- Learn from your mistakes



The «Miracle Mop» of Joy Mangano

- Class of 1956, New Yorker born to Italian-American parents, single mother of three, now a successful entrepreneur.
- Thanks to her pragmatism (and her degree in business administration), in 1990 she invented the **Miracle Mop**, known in Italy as the floor mop with a bucket that allows it to be wrung out without getting her hands wet.
- An ingenious insight driven by enterprising activities such as telesales that made Joy Mangano a millionaire.
- "I'm an inventor. When I'm designing a product, all I have in mind is, how is this going to make your life easier? I guess it's just the way I look at things."





**Perché comprarlo,
quando puoi noleggiarlo?**

Siamo il primo servizio di noleggio power bank giornaliero,
mantieni carico il tuo smartphone per tutto il giorno con la massima libertà di movimento.



CLEAN BnB (<https://www.cleanbnb.net>)



Un team specializzato nella Gestione Affitti Brevi

Siamo leader nella Gestione Affitti Brevi. Ci occupiamo di appartamenti e case vacanza destinati a locazioni di breve durata. Siamo il più diffuso operatore sul territorio italiano.

Affidati a CleanBnB!

Le tappe fondamentali della crescita di CleanBNB

1

2015

- ✓ Incubazione del progetto CleanBnB in Seed
- ✓ Primi test su appartamenti a Milano

2

2016

- ✓ Costituzione CleanBnB Srl
- ✓ Avvio sviluppo commerciale Milano
- ✓ Avvio sviluppo commerciale Veneto
- ✓ Round Aucap dedicato ai Business Angel
- ✓ Crowdfunding (n.1) ingresso nuovi 100 Soci
- ✓ Espansione delle attività a Milano
- ✓ Avvio commerciale Roma e Firenze

3

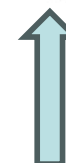
2017

- ✓ Aucap Round Tranche 1 con Back to Work 24
- ✓ Diffusione attività in Italia su oltre 10 località
- ✓ Aucap Round Tranche 2 con Shark Bites / Boost Heroes
- ✓ Consolidamento in oltre 30 località Italiane
- ✓ Sviluppo modello stagionale aree turistiche
- ✓ Crescita significativa degli incassi

4

2018

- ✓ Crowdfunding (n.2) con raccolta record pari a 500K €
- ✓ Flussi di cassa consolidati e continua crescita
- ✓ Forte campagna commerciale in tutta Italia
- ✓ Implementazione della piattaforma gestionale



Cleanbnb SpA

1,21 € ↓32,40% -0,58 MAX

11 mar, 17:40:00 UTC+1 · EUR · BIT · Disclaimer

1G 5G 1M 6M YTD 1A 5A MAX



Il prezzo di offerta delle azioni è stato fissato in **Euro 2,00** per azione, che corrisponde a una capitalizzazione della società al momento dell'ammissione pari a circa **Euro 14 milioni**.



GetYourBill is the solution for issuing invoices and other sales documents quickly and error-free, from your point of sale, on the go and from your ecommerce.



ULTRONEO

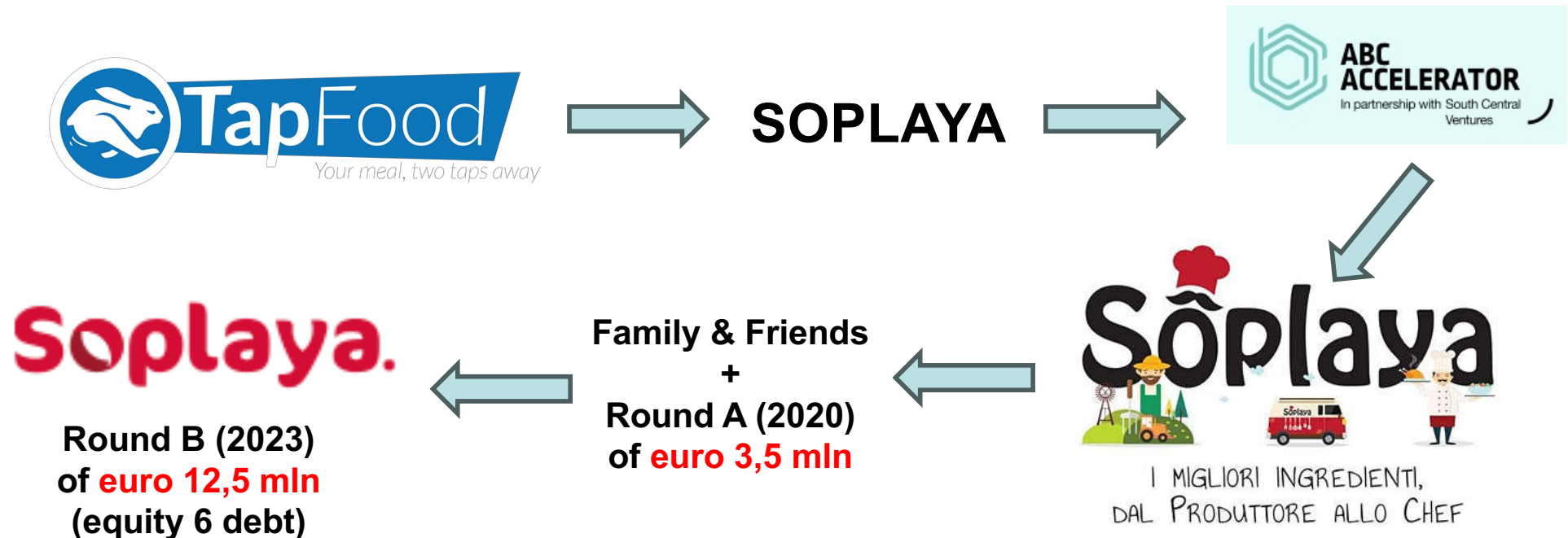
<https://ultroneo.com>





SOPLAYA (<https://soplaya.com>)

Soplaya is a B2B marketplace for foodservice supplies that makes sourcing more diverse, efficient, and sustainable. Every day, by bringing data and transparency to the supply chain, Soplaya helps restaurateurs simplify purchasing and save money, and offers producers easy and profitable access to the marketplace.





THERANOS



OBJECTIVE: To develop a technology (called Edison) that would make it possible to perform a blood test at home with just a few drops of blood at a cost of less than three dollars

QUESTO ARTICOLO HA PIÙ DI 1 ANNO

MONDO

Venerdì 18 novembre 2022

Elizabeth Holmes è stata condannata a 11 anni e tre mesi di carcere

Era stata giudicata colpevole di truffa per il fallimento di Theranos, la startup biomedica definita «la truffa più grande di sempre»

Condividi

Aggiungi ai preferiti



Elizabeth Holmes arriva all'udienza (AP Photo/Nic Coury)



AGENDA

- An interesting context ...
- Development stages of an initiative and accessible resources
- How to present your start-up
- How to build a successful startup
- **How to determine the value of a startup?**

① How to calculate the value of a startup?

Price is a *fact*

Value is often an *opinion*
(or at least an interpretation of a complex reality)



How much is your start-up worth?

- How much money do you need to reach a first goal?
- Make available a portion of capital that allows you not to sell the majority of the share capital at the second round of financing
- Some useful hints:
 - Show how much you have already invested
 - Invest yourself
 - Imagine what the investor's performance will be
 - Accept “performance warrant”
 - Try to get interesting metrics



Targeted returns for investors

- **Seed** minimum goal **10x**
- **Round A** minimum goal **6-8x**
- **Round B** minimum goal **3-4x**

The return is equal to a multiple ..x of the capital originally invested

The timing of the exit is difficult to predict (at least 5-7 years)



Example

Pre-Money Valuation	1.000	
Aumento di Capitale	500	33% quota relativa
Ex-Post Valuation	1.500	

	Exit Period			
	y+1	y+2	y+3	y+4
EBITDA	1.000	2.000	3.000	4.000
Multiplo exit	6x	6x	6x	6x
Enterprise Value	6.000	12.000	18.000	24.000
- NFP				
EQUITY VALUE	6.000	12.000	18.000	24.000
Partecipazione	33%	33%	33%	33%
Performance warrant			-6%	-10%
Partecipazione residua	33%	33%	27%	23%
Valore partecipazione	2.000	4.000	4.920	5.600
Multiplo su Investimento	4,0x	8,0x	9,8x	11,2x

THANK YOU



www.unicorntrainers.it

Carlo Asquini
carlo.asquini@asquini.net