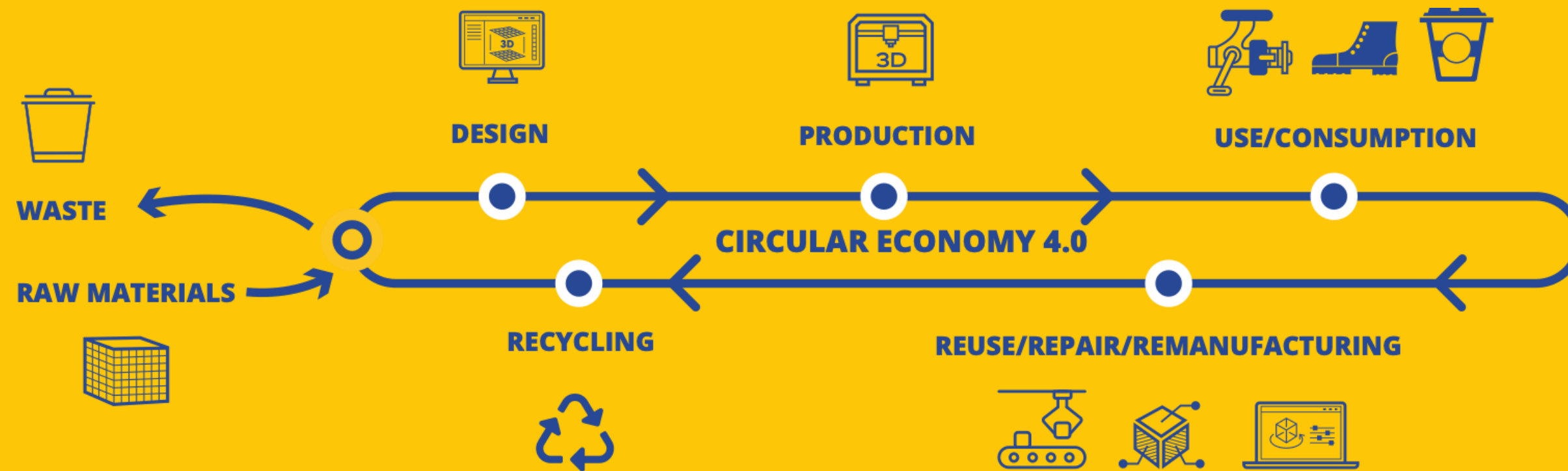


All the money is not the same!



Paving the way to next steps: looking for funding and accessing early-stage financing:
are you ready?

Francesca Natali,
Meta Ventures

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Are you an investor-ready entrepreneur?

Raising equity capital is challenging, at best.

Becoming an **Investor-Ready Entrepreneur** is a learning process aiming at educating and preparing growth-oriented entrepreneurs to successfully engage with private equity investors.

By viewing investors as “customers of equity”, entrepreneurs can reduce barriers to funding, navigate the process more easily, and increase the chances of obtaining funding.

Key terms

- Flexibility&Adaptability: negotiate!!
- Fitting expectations: be prepared: know what the investor is looking for
- Alignment of interests

The playground

INVESTOR NEEDS/REQUIREMENTS

1. High IRR
2. To reduce failure risk

- 
- Create value
 - Further round of financing at higher value
 - Profitable exit

ENTREPRENEUR NEEDS/REQUIREMENTS

1. High company valuation
2. Not to loose control

All the money is not the same!

Sources of equity financing

- Personal savings
- Friends and family members
- Business Angels
- Venture capital companies
- Private Equity Funds
- Public stock sale

Sources of debt capital

- Commercial banks
- Asset-based lenders
- Vendor financing (trade credit)
- Equipment suppliers
- Commercial finance companies
- Saving and loan associations

Choosing the right sources of capital

Entrepreneurs must cast a wide net to capture the financing they need to launch their businesses:

1. Debt Capital
2. **Equity Capital**
3. Guarantees
4. Subsidies
5. **Non-financial supports**

(Tips: Layering – piecing together capital from multiple sources)

Equity financing

WHAT IS IT?

It is fresh capital provided by Investor to support company growth/expansion (as described into the BP).

Capital invested into the company in exchange of a certain amount of new shares (capital increase) or old shares (sale of shares by existing shareholders)

WHO ARE THE INVESTORS?

Individuals (Business Angels) or Financial Company (Venture Capitalist_Priva Equity Funds) specialised in risk investments.

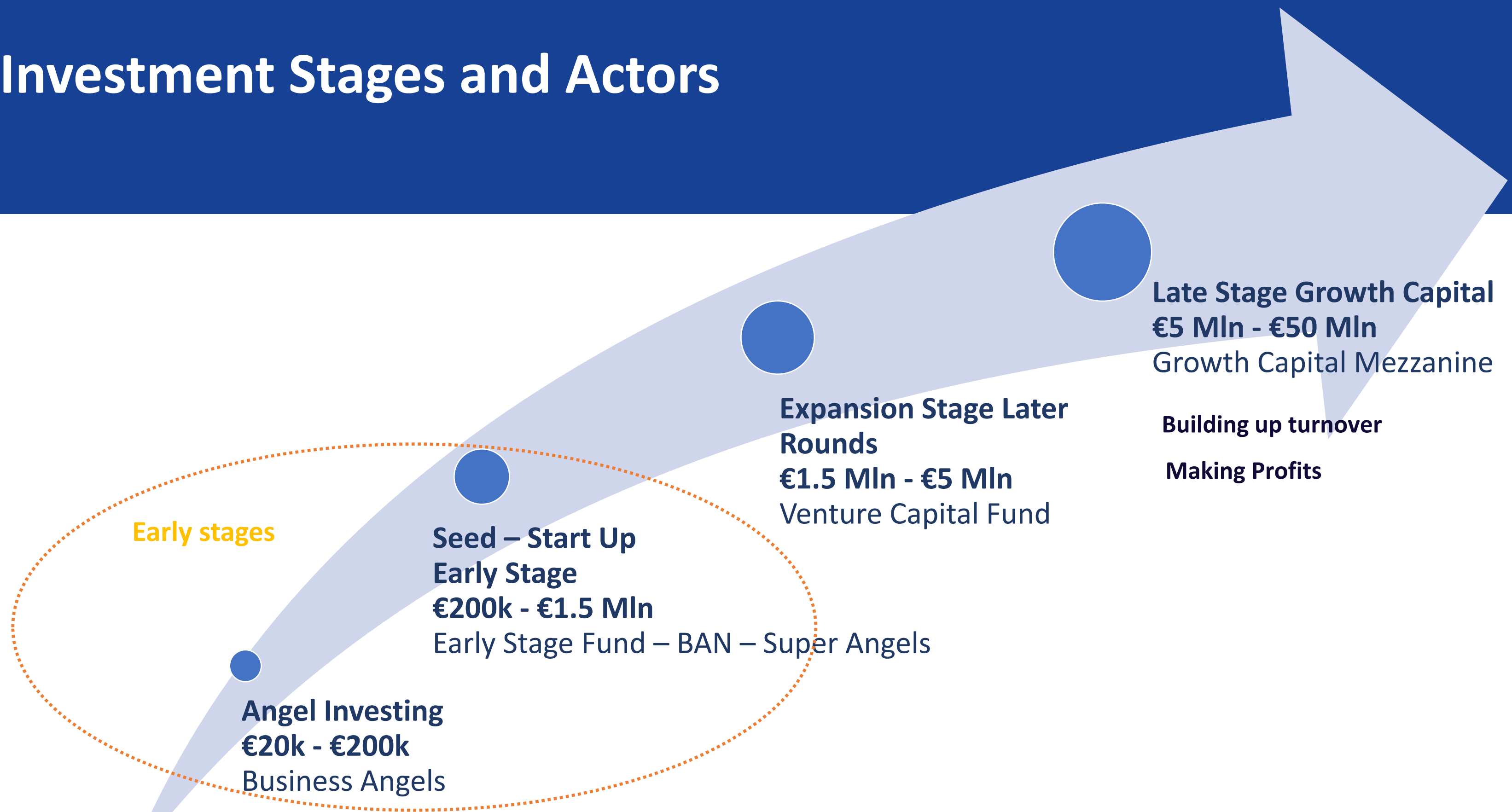
WHEN?

At different stages of Company's life cycle

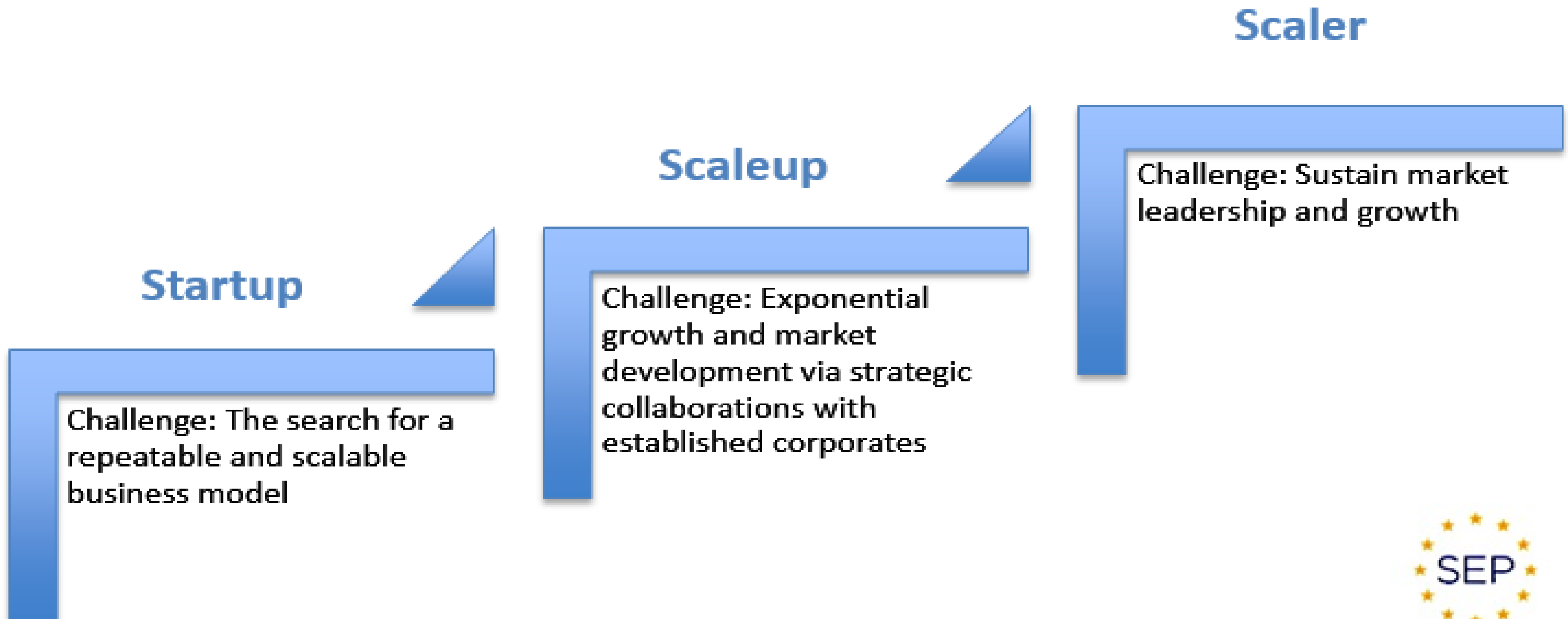
WHY?

Profit (IRR) and also «collaterals»

Investment Stages and Actors



ΓΝΩΘΙ ΣΕΑΥΤΟΝ



From SEP, Startup Europe Partnership

Do not talk with strangers

Each financial partner has its own expectations and consequently requirements and evaluation criteria

“Am I looking for the right financial partner?”

Financial partners for start ups

Business Angels



Seed and VC funds

Investment decision drivers

- Team (+++)
- Clear Business model
- Product defend ability (IPR)
- Market size & growth rate
- Availability of exit route
- Clear vision of current and further capital needs
- Return on investment (capital gain)

What the (risk capital) investor is looking for?

High-grow ventures which are capable (also thanks to money invested!) to increase their values in a certain (reasonable) period of time!



Invest to exit

The fund manager must maximize the return from the sale of shares of portfolio companies: with no **profitable exits**, he won't be able to raise additional money for the next funds!



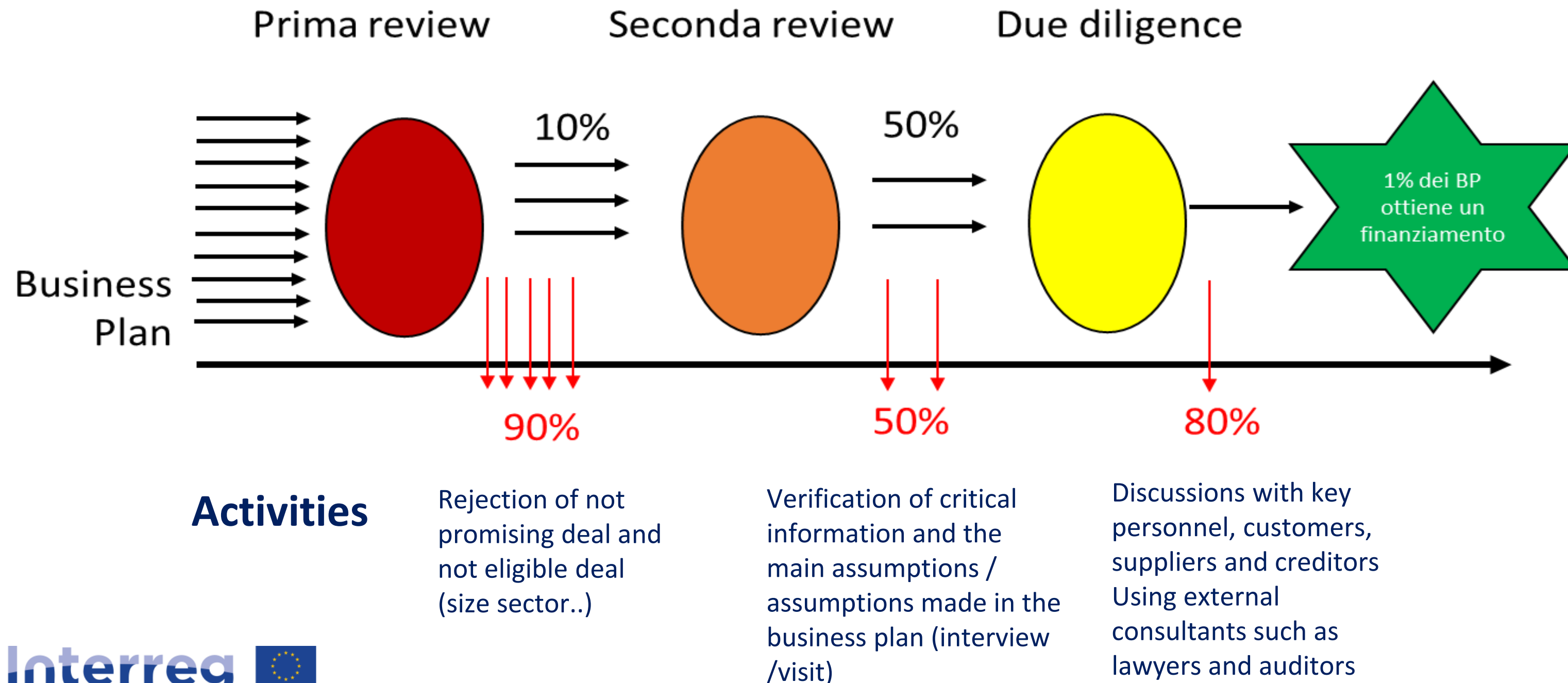
Few (crucial) questions



Technology is not an issue!

- Is the business opportunity as presented both highly attractive and clearly realistic?
- Is the business defensible from competitors?
- What is the business model?
- What comparisons are there to past success stories that indicate this venture will succeed?
- What is the amount of up-front capital investment required?
- Do the market and financial projections demonstrate that the team understands its business?
- How long will it take from the current stage of development to bring this to market?
- Can this venture achieve a leadership position in its market?
- Has the team gone out to the market already to test its ideas?
- Who will be the first customer's)?
- Is the team of sufficient breadth, balance and quality to make its ideas happen?
- Will the ego of the founders) get in the way of success?
- Is the team focused on its target market?
- What is the expected time and amount of pay-off to investors?
- Is the plan clear and well-written?
- Does the team have the necessary communications skills to present a compelling story?
- What roles will the team members play in the venture?
- Are the team members dedicated to the venture and their roles in the group?
- Does the team have a clear plan for spending the investment money it receives?
- Why is this business going to be around and a real world winner in 5 years?

It is not so easy to access to risk capital money..



TIPs

(before meeting an investor)

Key elements investors look at

- You need to be an **entrepreneur**
- You need to have a **business** not an **Invention** or a **research project**
- You need to have a **core team**
- You need to have a clear view of **financial resources needed**

Issues of concern for a risk capital investor

- Want their money back (at a certain time)
- Want more (much more) than they put
- Want to know when
- Want to measure the opportunity/risk

Homework to be done (before the meeting with the vc)

get prepared get prepared get prepared

- Write a clear and comprehensive business plan
- To prepare an appealing executive summary can attract who receives 10,000 per year business plan
- Get ready for an elevator pitch: think you are in a lift with a VC and you have 4 floors to explain what you want to do
- Do not talk with strangers: choose the right (potential) investor Seed, first stage? Specialized or non-specialist? Intrusive or financial?

Typical reasons for not to invest

1. **Business plan nor realist and entrepreneurial team not trustable:**
 1. Market size
 2. IPR
2. **IRR not appealing for the investors**
 1. Big initial investment
 2. Poor cash flow
 3. No way out
3. **Scarce willgness to accept risk capital investors rules**

What Investors are looking for..



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

A.A.A. Entrapreneurs who want to change the world!!



Who are they?



Microsoft Corporation, 1978



FACEBOOK, 2005

Greenbone Horto?

Greenbone Horto is a company based in Faenza, which wants to become a worldwide leader for biomimetics by providing innovative and easy to use lifelike inspired solutions that will help cure severe diseases.

GreenBone develops a highly innovative wood-derived bone implants technology, to generate biomimetic – reabsorbable– load bearing implant suitable to address non-union fractures, a severe high morbidity condition

The Company got 3 round of financing from MV, business angels and International Investors.



Location: Faenza
Industry: Biotech
Investment Stage: Seed
First Investment date: 2015
MV investment: 2,5Mln €
Status: unrealized

Greenbone Horto?

1° ROUND in 2015

Pre-money: 3, 5 Mln €, Total round 3 M

- META Ventures:
- IAG Business Angels



1. Company set up
2. In vitro study
3. Start in vivo study

2° ROUND IN 2017

Pre-money: 10 Mln, Total round 8,4 M

- Helsinn Investment Fund SA,
- Invitalia Ventures.
- Tiare
- Innogest
- IAG Business Angels



1. Conclude in vivo study
2. Enter into clinical phase
3. Buy back of the IP
4. CE mark
5. FDA application

3° ROUND IN 2020

Pre-money: 25 Mln, Total round 10 M

- Helsinn Investment Fund SA
- CDP Venture .
- Innogest
- IAG Business Angels
- Meta Ventures
- Founders other investors



1. Conclude the clinical phase (more patients in different hospital need to be treated)
2. Realize the new manufacturing site to host Operations
3. Develop and implement a new production line to be validated by 1Q 2023 for the ommercialization in EU and USA
4. Support development and approval of the product pipeline including new intended use (Spine, Dental, Maxillo-facial) in the main regulatory area (EU, US, MDSAP)

The “secrets” to successful financing

1. The money is out there: the key is knowing where to look.
2. Raising money takes time and effort.
3. Creativity counts: entrepreneurs have to be as creative in their searches for capital as they are in developing their business ideas.
4. Internet puts at entrepreneur’s fingertips vast resources of information that can lead to financing.
5. Be thoroughly prepared before approaching lenders and investors.
6. Entrepreneurs should not underestimate the importance of making sure that the “chemistry” among themselves, their companies, and their funding sources is a good one.

Thank you



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