IMPACT HUB Milano

Impact Investing: un nuovo paradigma che nasce dall'esperienza sul campo

24-25 Maggio 2019

Colloquio Scientifico sull'impresa sociale, Università Tor Vergata

Agenda

Impact Investing: why we need a new paradigma

IHM: how we do it

Results

Summary and recommended next steps

The Starting point

Why does the financial community talk so frequently about impact investing?

- Because, after more than 50 years of Investment Bankers looking for real assets ***not duly monetized***, where they could extract an amazing amount of value, now this type of approach is becoming increasingly difficult to apply.

- So, now we are going ***back to the basics***, focusing on creating real value at 360 degrees and the pressure is higher and higher, like it has never been before.

- For decades (both the 1980s and the 1990s and beyond), it was enough for investment bankers to find a company that was not on the capital market and, by bringing it to the Stock Market, it was fairly easy and straightforward to create value for all stakeholders.

The evolution

As a matter of fact, the above described strategy has now been active for several decades.

And, moreover, ***environmental and social inequality issues have become recurrent*** both in the newspapers and in the economic-financial literature, with a drop-by-drop communication strategy that we have never been exposed to before.

So managers, investors, consumers and institutions etc ... can no longer turn their attention on something else.

So real Impact Investing is becoming a daily activity, therefore, is has to be for-profit: it is for-profit, but at its best.

It is a type of economic activity that sees profit not only in the very short term at the expense of environmental and / or social effects.

Our paradigma (I)
PROFIT IN THE LONG TERM – ONLY ENVIROMENTAL AND SOCIAL IMPACT CAN ASSURE IT

1. ***Profit is fundamental***;

2. Profit is fundamental ***both in the short term and in the medium term***;

3. Profit in the medium term can be ***pursued by being on the market with a value proposition that is attractive to all stakeholders*** - consumers, employees, managers, entrepreneurs, investors.

Our paradigma (I)
CONSUMERS STAND FOR IT IF SOCIALLY AND ENVIROMENTALLY FRIENDLY

4. Consumers 1.0: As an example, customers are now sensitive to the amount of plastics we find on the beaches, to the quality of the air we breathe, to the quality of the water we drink, to the quality of life we have when we stuck on the highways (sigh!) ... Impact investing focuses on all these issues, with the knowledge that you must always create value for those who have invested in your company.

5. Consumers 4.0: A concern that we often find in our investors is that, to have real impact, Social Friendly companies have higher product costs than the market average and certainly higher than the most efficient and low cost competitor.

"Being impact" often implies that you can't be low cost immediately and certainly not now: what you can count on, however, is an increasing amount of consumer that are willing to pay a premium for your products (the example of "Wami").

Our paradigma (I)
SOCIAL IMPACT AND THE BATTLE FOR TALENTS

<u>6. Employees</u>: today, in the battle for talent and therefore, ultimately, in the battle to remain competitive, we must know how to present ourselves as a company that knows how to do good: good to its customers / consumers, good for its employees, good to the local community.

Talents are no longer willing to work for companies that make our cities less livable, our seas more polluted, etc ... Talents those who can choose what to do, choose activities with a high social and environmental impact.

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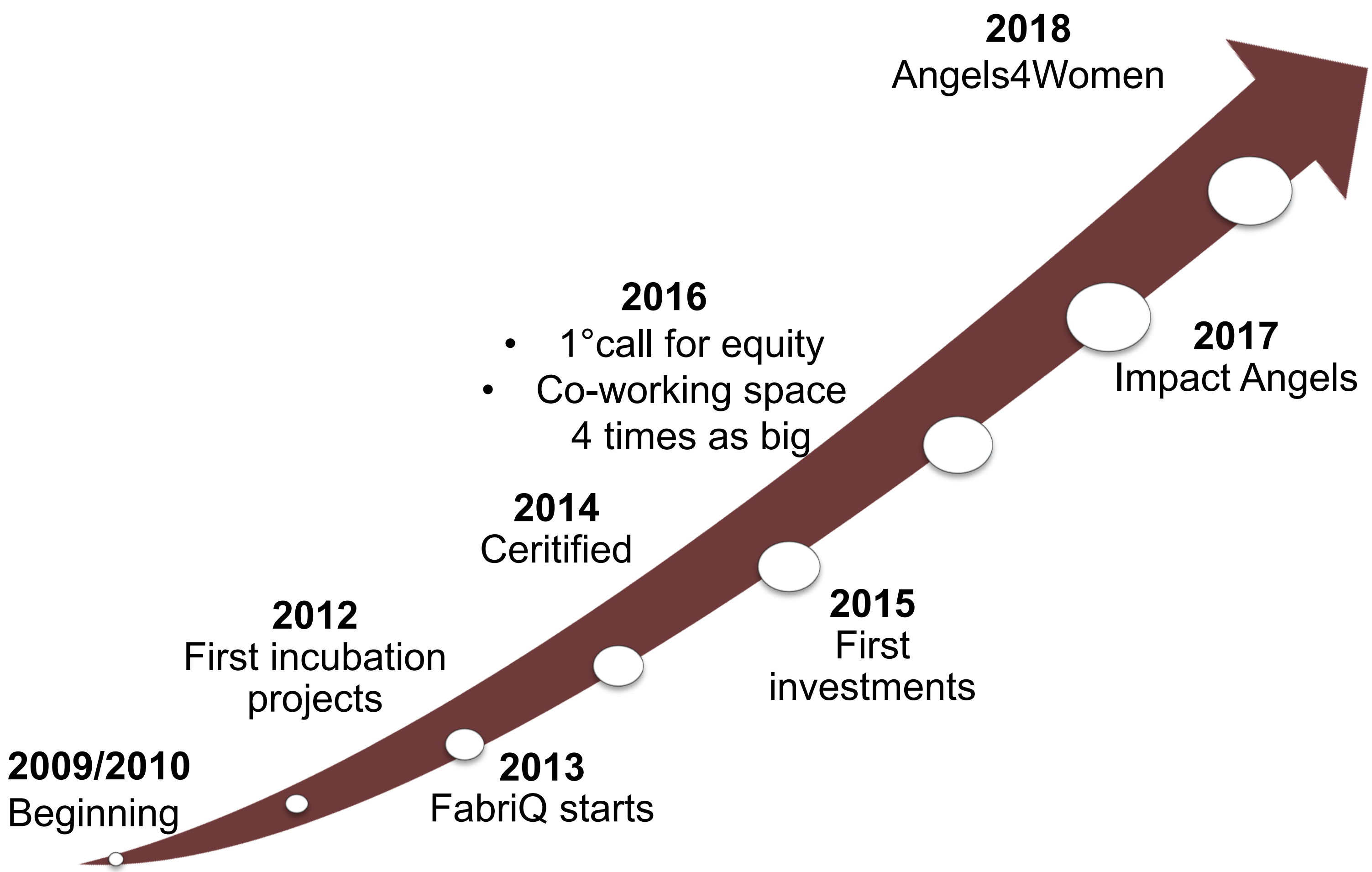
entrepreneurial ideas × inspiring spaces + vibrant community + thought-provoking events = sustainable impact
collaborative practices

IMPACT HUB MILAN STARTED IN 2010 BUT WITH FIRST EQUITY INVESTMENTS IN 2015



COSA FA A4W PER LE SUE ANGEL

Alle angel sono garantiti numerosi vantaggi e servizi:

- Networking;
- Organizzazione eventi;
- Scouting e creazione del deal flow;
- Supporto durante il deal;
- Supporto alla gestione dell’investimento e nell’exit;
- A4W Academy:
  - ✓ Formazione ed educazione all’Angel Investing;
  - ✓ Ricerche ed analisi.

A4W

LE STARTUP IN CUI INVESTIAMO

A4W prende in considerazione application da aziende a conduzione femminile o che diano risposta a problematiche prettamente femminili e con una richiesta di investimento tra i 100.000€ e i 500.000€. Queste società devono avere almeno una donna in un ruolo operativo a livello dirigenziale.

NELLE STARTUP CERCHIAMO

- **Una governance femminile**
- **Un team di gestione capace e con esperienza nel proprio settore**
- **Un business altamente scalabile**
- **Un'opportunità accelerabile con il supporto dei nostri investitori**
- **Una strategia di uscita plausibile entro 5-7 anni**

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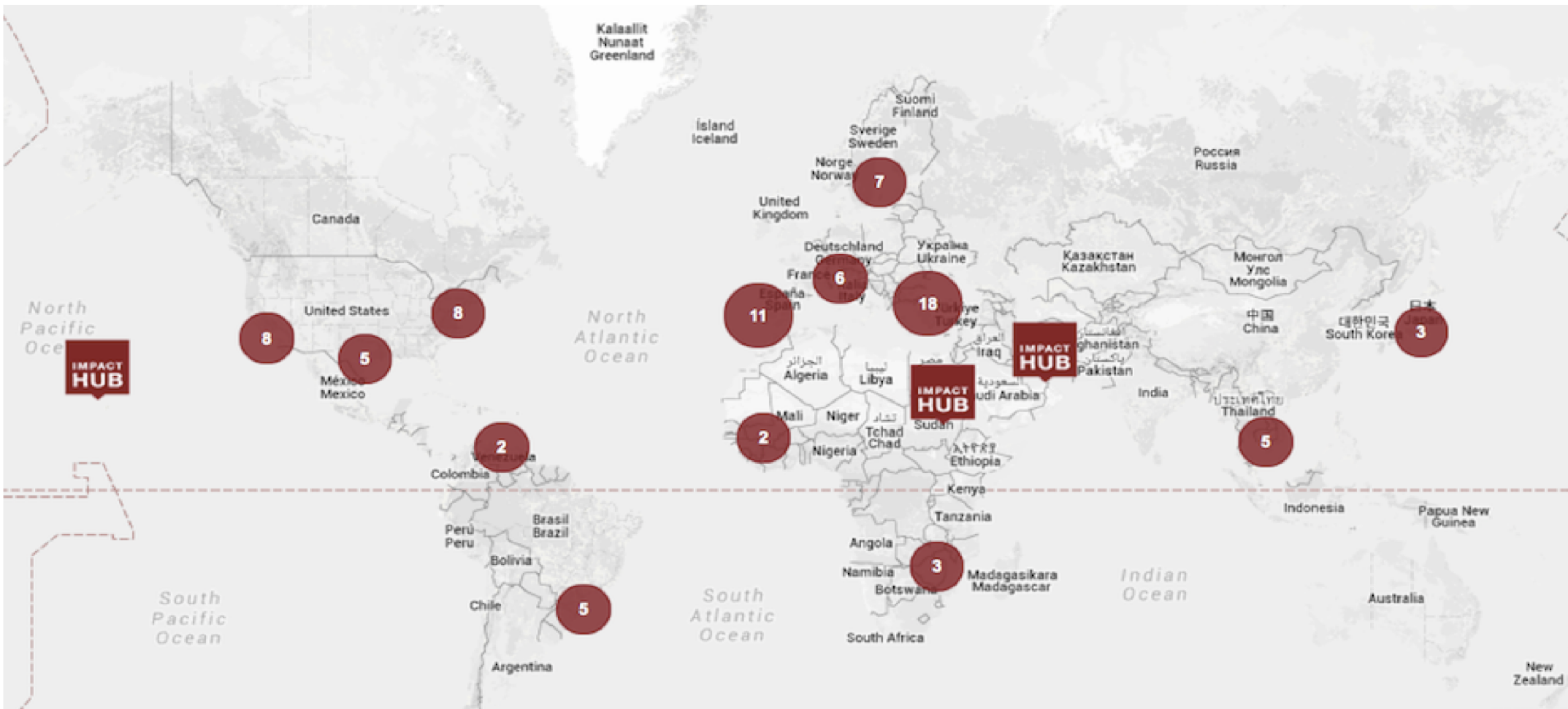
IHM IS PART OF A NETWORK WITH MORE THAN 16.000 PEOPLE AND MORE THAN 100 LOCATIONS

- Worldwide Network of Impact Hub Association -



100+ Impact Hub | 8 Impact Hub in Italia | 67.000+ m² di spazio | 16.000+ membri

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IHM: OUR OFFERING GOES BEYOND INCUBATION TO PRESERVE SHORT-TERM SUSTANABILITY

SERVICES

BASE ACTIVITIES			VALUE ADDED SERVICES		
co-working	events	community	Open Innovation	Incubation	investing
Activities for all Impact Hubs World Wide			Milan and other selected Impact Hubs		

BRAND

IMPACT HUB Milano	FabriQ
New space approx. 3.000 mq opened in nov 2016, 4 times as big as the previous one, directly managed by IHM	Space with Milano Municipality in Quarto Oggiaro, managed in partnership with Fondazione Giacomo Brodolini dal 2013

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Core team at Impact Hub Milano

Marco Fabio Nannini
CEO

Impact Angel con oltre 30 startup in portafoglio, esperienza ventennale in consulenza (BCG e Roland Berger) Former Managing Director di IAG. Membro di Toniic, il più importante network di Impact Investor al mondo

Claudia Fasolo
Managing Director

Esperienza in Project Management nell'ambito di incubazione di startup ad impatto e gestione delle attività di coworking ed eventi

Lorenza Morandini
Executive Vice President

Esperienza ventennale sia in consulenza strategica (BCG) che in aziende industriali (Indesit, Candi, Poste Italiane) con ruoli nel marketing e nel general management.

Matteo Bina
Incubation Manager.

Long term experience in Imoact Investing and incubation

IHM puo inoltre contare su un importante gruppo di shareholder di supporto

Chiara Bisconti
Si occupa delle tematiche di smart working

Ultreia, Paolo Gonano
Ventennale esperienza di mangement e Business Angel da oltre 10 anni

Filippo Zanetti
Consigliere IBAN, Business Angel e Mentor nei più importanti Incubatori Italiani

Fabio Malerba
Ventennale esperienza di management

rancilio cube

Luca Rancilio
Con Rancilio Cube oltre 50 investimenti in impact investing

NORISK

Carlo Mazzola
Società attiva nell'analisi e nella consulenza finanziaria per investitori privati ed imprese

Edoardo Bosio
In 3 anni ha investito circa 1,5mln di Euro in 15 progetti di start-up

Rancilio Farm S.r.l.

Roberto Rancilio
Oltre 20 investimenti in impact investing

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In a nutshell, 1.402 start-up reviewed, 170 «incubated» and 30 investiments

FUNNEL INVESTMENT

Application

In the period 2014 – 2019 we have recived

1.402

Applications from startups interested in our programs

Incubation

In the period 2014 – 2019 we have accepted in our programs

172

Startups from all over Italy

Investment

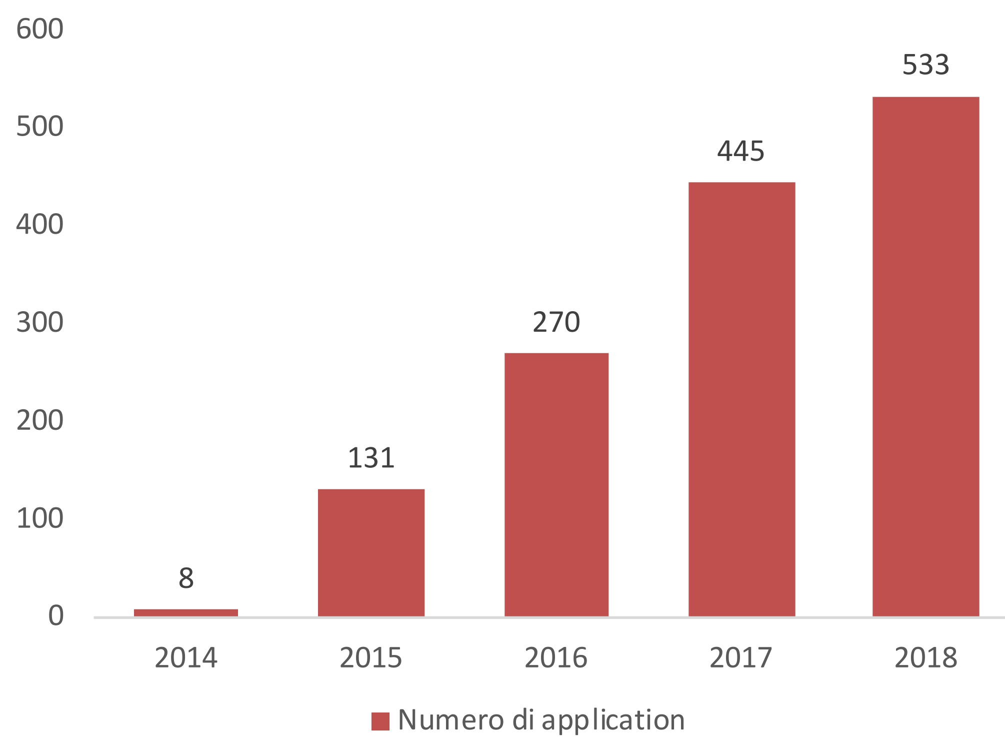
Since 2014 we have invested in

30

Startups

The reach of Social Impact Call4startup is growing significantly over time

Year	Numero di application
2018	533
2017	445
2016	270
2015	131
2014	8



With an increasing number of applications,
we experienced also an increasing quaity (and more work) of our selection

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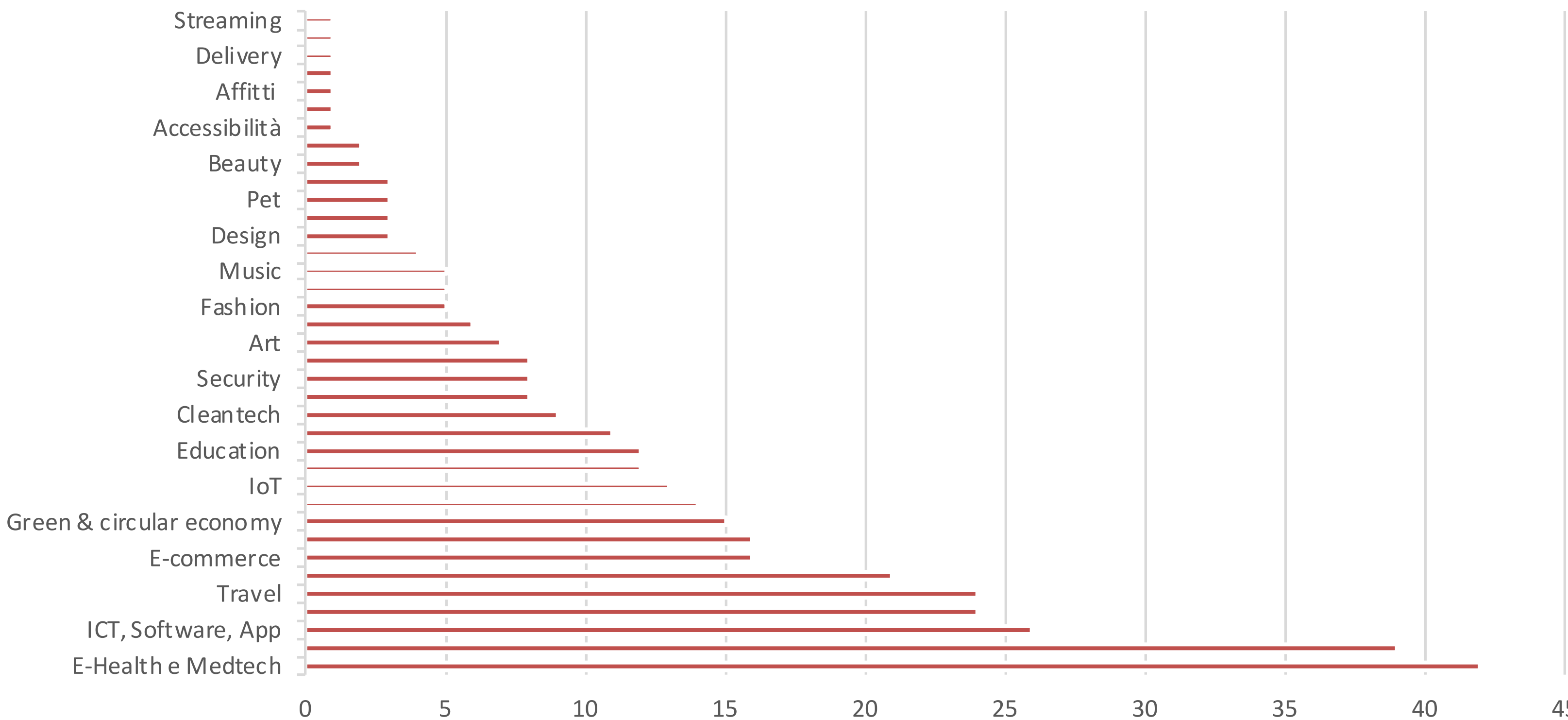
Social Impact means investing in Social Activities, but also working on business models in selected markets such as Medtech, Food and ITC



E-health and developing sustainable business models in Healthcare for the less fortunate in the mass market is a major source of success … and it is for good

Campione: 373; Popolazione: 1.402

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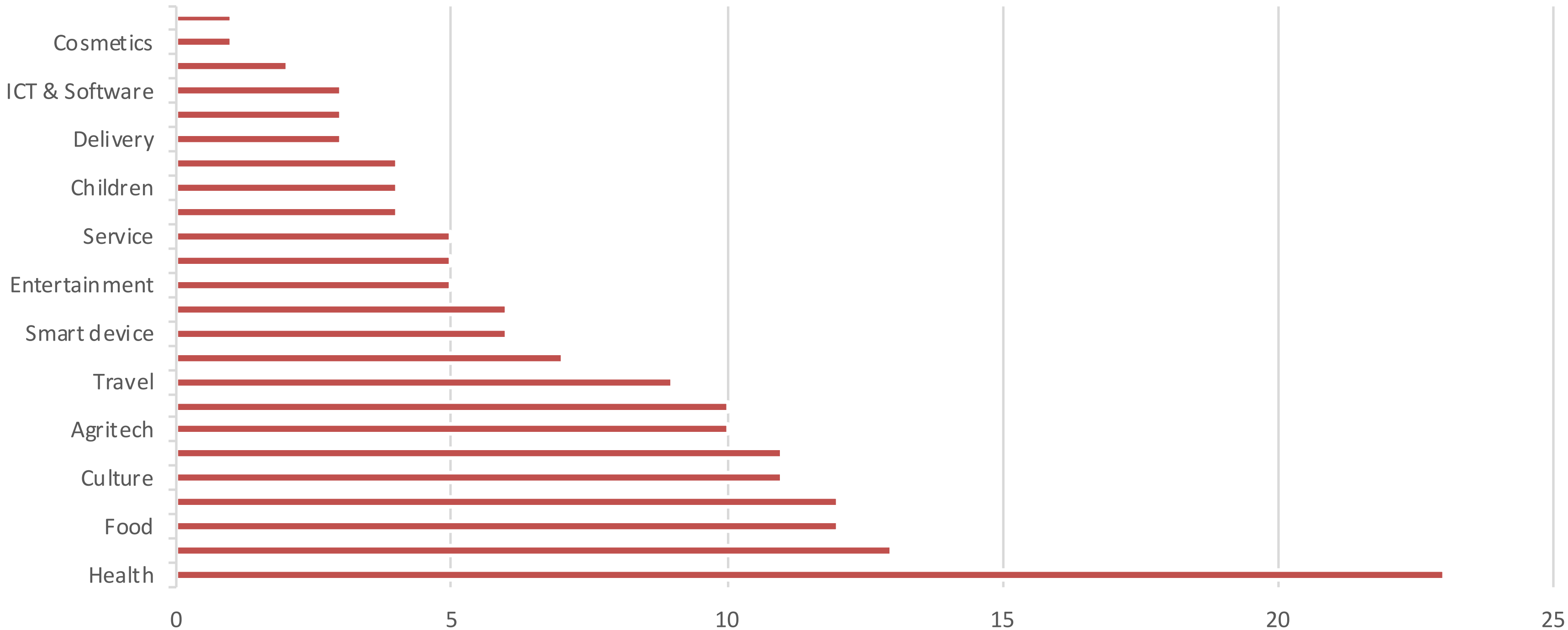
Out of 172 startups in the “incubation programs”, Healthcare for the less fortunate represented a significant proportion



IHM – 7 years of hard work – in a nutshell

We have now

- 30 start-ups in our portfolio;
- 7 years of experience in Social Impact
- 2-3 years of impacting investing (we started to take equity directly in 2016)

We take 7% equity in order to start them up in our Acceleration program and the 100% Equity Value of our portfolio, at investment day, was 715.000 Euro.

- A like-for-like value is now > 1.500.000

IHM is one of the few Incubation Hub, that is, itself, financially strong and performing above breakeven, with a mixed business model (co-working + investing)

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WHAT'S NEXT (FOR OUR INSTITUTIONS) IN ORDER TO TRASFORM A BUBBLE IN ONGOING SUPERIOR GROWTH

"The real issue is our community is to create the possibility to exit the good ones (consequently, write off the less good ones) and start again aggressively the scouting. "

MARCO FABIO NANNINI, CEO IMPACTHUB

The obstacles to make this real are the following:

- Few, if any, Funds are focused on start-ups, taking the proper risk a large start-ups portfolio;
- The cost of building a new fund is often outrageously high;
- The cost of running a new fund is often high compared to opportunities outside Italy;
- The lead time to open a new fund is at least two times longer than doing abroad.


THANK YOU
GRACIAS
ARIGATO
SHUKURIA
BOLZÏN
MERCI
BÏYAN
SHUKRIA
DANKSCHEEN
TASHAKKUR ATU
YAQHANYELAY
TINGKI
SUKSAMA
EKHMET
GRAZIE
MEHRBANI
MAAKE
PALDIES
KOMAPSUMNIDA
GOZAIMASHITA
EFCHARISTO
JUSPAXAR

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IHM AND IMPACT INVESTING: OUR SYSTEM

Innovation and investing needs

Coroporates | Business Angels / Home Office

Activating IHM network

Network IH Italia | Partner IHM | Pipeline Start 300+ | Call4startups | Startup Incubate 30+

Shortlisting and selection

From scouting to selection with deep dive on team and key economics and final one-to-one meetings

Investing

Follow up

MONITORING | LIGHT INCUBATION | FULL INCUBATION

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IHM: IMPACT INVESTING AT WORK WITH A STRONG PROCESS OF SCOUTING AND SELECTION IN PLACE

Social and envoirmental call and ongoing scouting

Scouting

- **Scouting**
  - Network IH Italia e World Wide
  - Bandi e premi in cui siamo in giuria
  - Startup del nostro network (300+ startup)
  - Partner di IHM
- Where to scout
  - In selected industriale areas
  - e in differenti fasi di sviluppo (Seed, Early Stage, Scaleup)
-

Info dossier per selected start-up

Preselezione

- Short list (with at least 6 startup)
- Selection process with the Angels/Corporate supported by IHM

- IHM gets. Ready!
- Stress test with selected start-up
- Meeting one-to-one
- Deep dive on the economics

Incontro

- One-to-one meeting with IHM and the angels
- Team review
- Business idea revies

Decisione

- Who to invest into
- How to invest
- Whta role for IHM

IHM: INCUBATION IS «SOCIAL VALUE AT WORK»

Our Incubation programs

MONITORING

- **Regular pre-scheduled meetings**
  - Share strategic decisions
  - Update on critical activites
  - Highlight critical delays
- **Report**
- **Membership Connect** a Impact Hub Milano,

LIGHT INCUBATION

MONITORING

- **Regular pre-scheduled meetings**
  - ✓ Define strategic decisions
  - ✓ Implement recovery plan
  - ✓ Define integration of the team
- **Training and consulting**

INCUBATION

LIGHT INCUBATION

- **Training and consulting ad hoc**
- Dedicated mentor
- **Co-working desk available for 4 people**