



State of Italian VC

Tracing Evolution and Market Opportunities

2023

In partnership with



About this report...

The **"State of Italian VC"** is a comprehensive analysis on the venture capital (VC) landscape in Italy. The report provides an **in-depth look** at the investment patterns, trends and growth dynamics within the Italian VC sector, tracing its developments **over the last decade, with a focus on 2023**.

Key elements of the report include data on total investment volumes, funding rounds, exits, investors and fundraising. Also, it provides views on industry trends, business models, sustainability, gender diversity and the systemic impact the VC industry has on the Italian economy. It analyses universities contribution in the VC ecosystem and the flywheel effect generated by liquidity events. It also discusses the influence of regulatory changes and finally provides an outlook for 2024 and beyond.

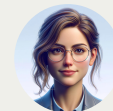
Importantly, the report **compares Italy's venture capital scene with that of Europe and selected European countries** to provide a clear and broad context. This comparative analysis helps in understanding Italy's position and potential within the larger European VC landscape.

This document is a vital resource for **VCs, finance professionals, investors, entrepreneurs, educational bodies, policymakers and students** interested in understanding the nuances of the Italian VC market and its role in driving innovation and economic growth.

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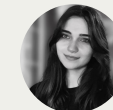


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P101 Ventures Italian Early-stage VC firm

P101, based in Milan, is a pioneering venture capital firm founded in 2013. With a focus on digital and technology sectors, P101 empowers European early-stage innovative startups.

We support entrepreneurs navigating challenges, scaling effectively, and positioning themselves as future industry leaders. We provide unique resources, including deep operational expertise, strategic guidance and global connections.



About our data Partner



Dealroom.co Tech ecosystem intelligence

Dealroom.co is a global intelligence platform for discovering and tracking the most promising companies, technologies and ecosystems. Clients include many of the world's foremost organizations such as Accel, Index Ventures, McKinsey, BCG, Deloitte, Google, AWS, Microsoft, Stripe.

Dealroom partners closely with local tech ecosystem development agencies and enablers, to create a comprehensive multi-dimensional blueprint of the tech ecosystem, including capital, talent, innovation, entrepreneurship and overall economic dynamism.

“ We created this report to shed light on the Italian VC landscape, spotlighting its progression and its future growth prospects

The foundation of the Italian VC ecosystem is now complete and, throughout the next decade, we need to address the gap with leading European nations and prepare for challenges as the VC sector evolves towards maturity



Andrea Di Camillo
Founder & Managing Partner
at **P101**

We created this report to shed light on the Italian Venture Capital landscape, spotlighting its progression and its future growth prospects.

The last decade has shown remarkable growth in terms of investment volume, innovative company creation, and economic impact. Industry data tell us that the foundation of the Italian Venture Capital ecosystem is now complete.

Looking ahead, throughout the next decade, we need to address the gap with leading European nations and prepare for challenges as the sector evolves towards maturity. This evolution will see increased opportunities and competition, especially from international investors attracted by Italy's potential.

Emerging drivers like Artificial Intelligence will shift investment focus towards business services, with fund sizes, investments, and startup scales expanding. Successful companies from the past decade are now poised for significant growth, often extending beyond national borders.

Venture Capital players, like us, must proactively shape this transformation, embracing new business models while staying true to our core mission: fostering the growth of Italy's innovation ecosystem.

Executive Summary

In 2023, the Italian Venture Capital landscape has navigated through a period of recalibration, reflecting global economic uncertainties mainly driven by high inflation and changes in the cost of capital. **Total VC funding in Italy hit \$1.2B, a 53% YoY decrease, primarily influenced by a downturn in Late Stage funding.** Despite this, **Early and Growth stages showed resilience**, suggesting a **robust foundation for the Italian VC ecosystem.**

The Italian VC scene - particularly strong in the Northern regions with cities like Milan, Turin, and Rome leading the charge - witnessed a **decrease in the number of VC rounds to 386, a 30% YoY decrease.** However, **the presence of thriving tech hubs** in these regions continues to **attract talent and investors, underlining the potential of Italy**, the fourth-largest economy in Europe, to climb higher in the VC investment rankings.

The funding landscape in 2023 saw a notable **shift in sector focus.** While the pandemic had accelerated growth in sectors like Fintech, Health, and Enterprise Software, the **post-pandemic period is witnessing a recalibration towards emerging and sustainable technologies, particularly in the Space, Transportation and Energy sectors.** This trend aligns with global movements towards sustainability and technological advancement.

In terms of valuations, **the total value of the Italian VC ecosystem sat at \$71.7B, a 27% YoY growth, outpacing the modest growth within the EU.** This surge, however, is contrasted by the fact that **Italy still trails behind more mature European economies in terms of ecosystem value.** Yet, the dynamism of the Italian startup landscape is evident from the 271% growth in the number of VC-backed startups over the past decade.

The exit market in Italy has shown a strong upward trend, particularly through **M&A operations which counted 234, a 47% YoY increase.** This growth in exit activity signals a maturing ecosystem. However, IPOs contrast with this, with a **mere 3 VC-backed companies going public in 2023**, reflecting a need for further development in this area.

The **growing significance and number of university spin-offs and alumni startups**, underscores the vital role of academic institutions in fostering innovation and entrepreneurship.

The investors landscape has shown remarkable growth, with **11 funds raising \$1.3B in 2023, +88% YoY.** Italian investors represented 69% across 2023 funding rounds, European (19%) and North American (8%) investors are increasingly joining, mainly in later stages.

Furthermore, the Italian startup scene is seeing a positive trend in terms of systemic impact, sustainability, and gender diversity. **Startups and SMEs have significantly contributed to the economy, generating a combined production value of \$9.4B and providing over 61k jobs.** Investments in Sustainable Development Goals (SDGs) reached \$1.3B in 2023, reflecting a global shift towards sustainable and eco-friendly technologies. However, gender diversity within VCs and startups remains an area that requires further development.

Finally, the **regulatory environment and public support structures** in Italy have evolved to better support the VC and startup ecosystem. Initiatives like the *Italian Startup Act*, *Growth Decree* and *Italian Investment Fund Regulation*, along with support from state agencies like CDP Venture Capital and the *Italia Startup Visa* program, are steps towards creating a more favorable environment for entrepreneurship and innovation. However, challenges such as bureaucracy, conservative banking practices, and the ongoing issue of brain drain continue to pose hurdles for the ecosystem's growth.

In conclusion, the Italian VC ecosystem in 2023 demonstrates both resilience and potential for growth. Despite global economic challenges and systemic issues, the landscape is marked by a promising shift towards emerging technologies, increased government support, and a thriving entrepreneurial spirit. These factors **position Italy as a key player in the European startup and venture capital scene.**

Italian VC 2023 in a nutshell

2023 2022
\$1.2B (\$2.6B)
Invested in Italian Startups

\$233.8M (\$787.5M Fintech)
Enterprise SW Top funded industry

\$71.7B (\$56.5B)
Italian VC Ecosystem Value

\$1.3B (\$665M)
New VC Funds raised

#386 (#554)
Number of Rounds

#2,983 (#2,951)
Number of VC-backed startups

#237 (#164)
Number of Exits

#11 (#10)
Number of New VC Funds

\$ Deployment by Stage

18% Late Stage (51%)
36% Growth Stage (23%)
46% Early Stage (26%)

Average round size

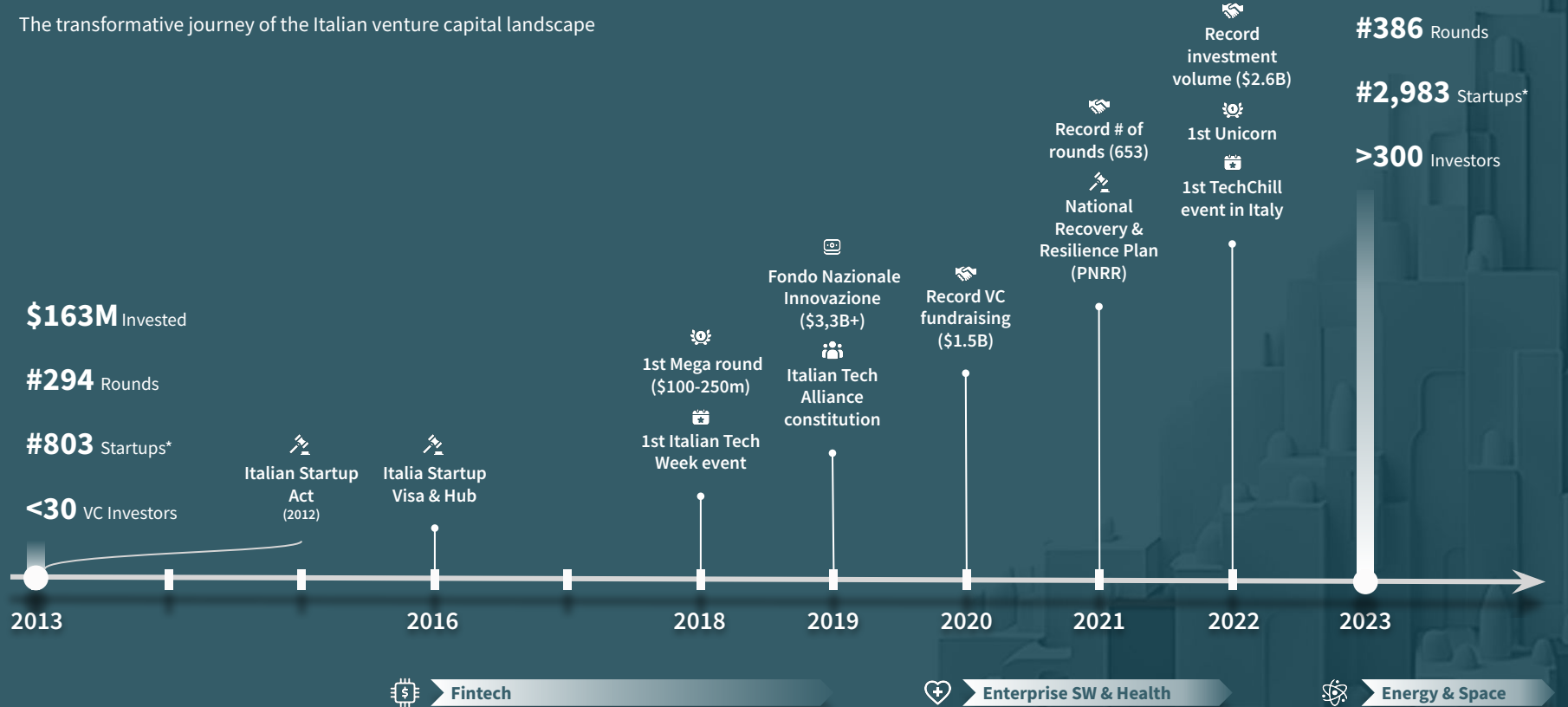
\$110M Late Stage (\$269M)
\$29.5M Growth Stage (\$33.4M)
\$2.2M Early Stage (\$1.9M)

\$2.1B (\$1.9B)
Universities Spin-off Value

#525 (#499)
Number of Italian Investors

Italian VC - 10 years in review

The transformative journey of the Italian venture capital landscape



Methodology

Taxonomy

Startups

Companies designed to grow fast, that are VC-investable businesses. For detailed information please refer to [Dealroom.co taxonomy](#).

When startups are successful, they develop into scaleups (>50 people), grownups (>500 people) and result in big companies. Only companies founded since 1990 are included in this report.

Investment Stages

- **Early Stage:** Pre-Seed (\$0-1m), Seed (\$1-4m), Series A (\$4-15m)
- **Growth Stage:** Series B (\$15-40m), Series C (\$40-100m)
- **Late Stage:** Mega (\$100-250m), Mega+ (\$250+m)

Others

Regarding industries, sub-industries, client focus, business models, technologies, please refer to [Dealroom.co taxonomy](#)

Data

Data from Dealroom.co as of 31st December 2023

- data on Dealroom.co platform may be subject to change due to data curation and new funding rounds announced after the extract date.

Exclusion of all rounds with undisclosed or zero size and rounds that cannot be traced to a stage based on the company's equity story.

Currency is expressed in USD, as per Dealroom.co guidelines

Dealroom's proprietary database and software aggregate data from multiple sources: harvesting public information, user-submitted data verified by Dealroom, data engineering. All data is verified and curated with an extensive manual process.

The data on which this report builds is available via [app.dealroom.co](#). For more info please visit [dealroom.co](#) or contact support@dealroom.co.

Geography

Europe is intended as geographical area, not European Union

Companies

While many startups founded in Italy relocate beyond their borders, most maintain business-critical ties to their homelands. In order to take this reality into account, the report includes both **Italy-based startups**, which maintain their center of business (HQ) in their country of origin, and **Italy-founded startups**, which relocated their HQ outside of Italy. Same criteria is applied to startups of other countries in scope of the report.

Investors

The report includes **Italy-based investors**, which maintain their main center of business (HQ) in their country of origin. Same criteria is applied to investors of other countries in scope of the report.

Agenda

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← 1. Funding & Round Sizes

- **In 2023 Italy's VC funding sat at \$1.2B (-53%YoY)**, due to a significant downturn in Late Stage (-83% YoY) funding, while Early Stage (-17% YoY) and Growth Stage (-26% YoY) remained resilient. This trend reflects increased investors caution, mainly driven by high inflation and changes in the cost of capital.
- **Italy counted 386 (-30% YoY) VC rounds in 2023**, declining for the second consecutive year following Europe's trajectory. Number of early-stage rounds dominated (93.7% of total), growth stages rose (5.6%), and late stages were minimal (0.7%).
- Despite being Europe's 13th in total VC investments and 21st in per capita VC investments, **Italy has growth potential**, being Europe's 4th largest economy by GDP.
- **Italy's tech hubs - particularly Milan, Turin, and Rome - are thriving**, attracting talent and investors. The Northern regions lead the scene, with Lombardy alone contributing to 64% of Italy VC funding between 2019 and 2023.
- **Early Stage average (\$2.2M) and median funding (\$1.1M) increased** between 2019 and 2023. **Growth Stage average (\$29.5M) and median (\$22M) declined.** Italy lacked significant Late Stage investments, denoting a less developed market.
- Italy sees about **36% of startups advancing to Seed funding, while only 13% advancing to Series A.** From Series B onwards graduation rates are below 4%.
- **Italy's average time between rounds in 2023 increased** to 19.5 months (+10.4% YoY) and the median to 16 months (+23.1% YoY).



“ **Italy presents a fertile ground for venture capital. Yet, access to capital remains a challenge, sometimes hindering the transformation of innovative ideas into global successes**

It is essential to look beyond national borders, drawing insights from other countries and integrating the best international practices into our approach to venture capital



Riccardo Monti
Sr. Partner Emeritus
at **BCG**

Italy presents a fertile ground for venture capital, owing to an educational system that molds talents for national and international excellence at a comparatively modest training expense. Yet, future entrepreneurs must increasingly address industry-specific pain points, leaning towards B2B solutions over B2C, demanding advanced skills and a global mindset.

Despite abundant talent, access to capital remains a challenge, sometimes hindering the transformation of innovative ideas into global successes. Therefore, recognition of Italy as an opportunity hub and support for international projects are vital.

There is a gradual transformation in risk tolerance, especially among the younger generations who are more willing to embrace failure as an integral part of the entrepreneurial journey. This cultural shift **must be supported by improvements in economic conditions and the job market to counteract the brain drain phenomenon**, ultimately making Italy more attractive to both talents and entrepreneurs.

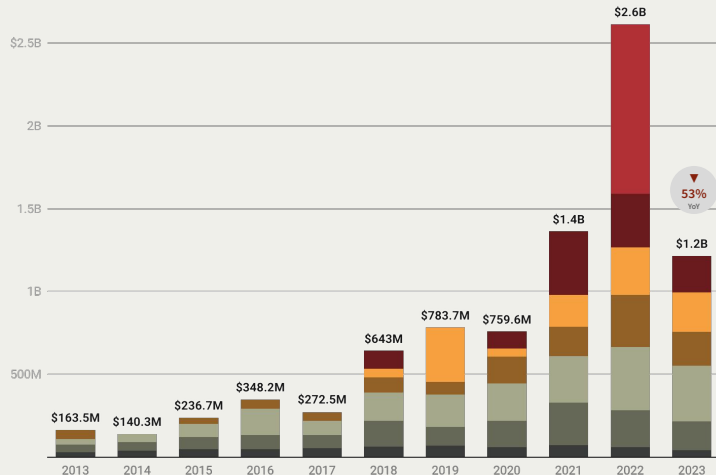
It is essential to **look beyond national borders, drawing insights from other countries and integrating the best international practices** into our approach to venture capital.

VC funding across Europe significantly dropped in 2023, Italy's funding halved from its 2022 peak, with reduced Growth and Late Stage rounds amid heightened global economic caution

In 2023 Italy's VC funding sat at \$1.2B, dropping by 53% compared to 2022 and adjusting just below 2021 levels, while Europe saw a 38% YoY decrease to \$63.4B. Italy VC funding reached an **all-time high in 2022 at \$2.6B**, fuelled by Late Stage rounds (\$100m+) which constituted 52% of the total annual funding despite making up only 1% of the funding rounds. In 2023, **Italy saw a significant downturn in Late Stage (-83% YoY) funding**: no Mega+ rounds and Mega rounds experienced notable reductions. **Early Stage (-17% YoY)** and **Growth Stage (-26% YoY)** funding showed resilience, accounting respectively for 45% and 36% of total 2023 funding. This trend reflects increased investors caution, mainly driven by **high inflation and changes in the cost of capital**, which has led to a correction in the way deals are being structured.

VC Investments in Italian startups » [view online](#)

2013 - 2023

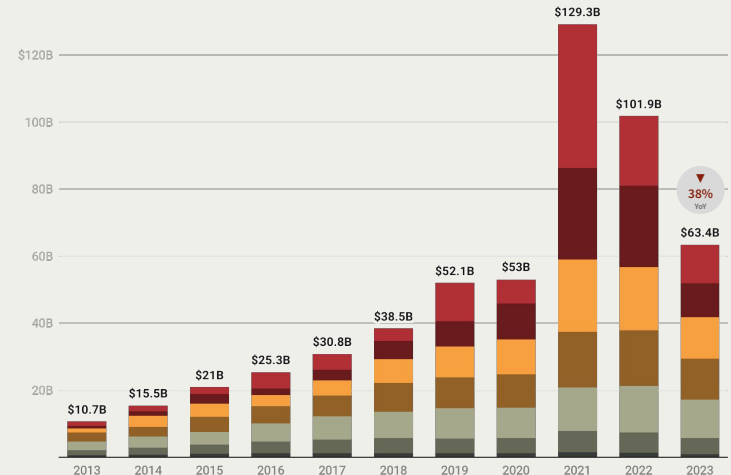


2023 as % of total

Italy	Round	Europe
0.0%	\$250m+ (Mega+)	18.1%
18.1%	\$100-250m (Mega)	15.9%
19.7%	\$40-100m (Series C)	19.5%
16.7%	\$15-40m (Series B)	19.4%
27.7%	\$4-15m (Series A)	18.0%
14.4%	\$1-4m (Seed)	7.7%
3.4%	\$0-1m (Pre Seed)	1.4%

VC Investments in European startups » [view online](#)

2013 - 2023



Consistent funding and rounds growth over the last decade, with a recent market correction

Following a period of consistent growth, the decline in VC investments across European countries in 2023, after reaching record highs in 2021 and 2022, points to a broader pattern of market recalibration and investor prudence amid widespread economic challenges.

In 2023 VC investments saw a decrease compared to 2022 of 53% in Italy, 37% in Spain, 43% in France, and 35% in Germany. Concurrently, the no. of VC rounds declined by 30% in Italy and Germany, 19% in Spain and 21% in France.

However, the overall growth trajectory remains positive, indicating a maturing and evolving VC ecosystem.

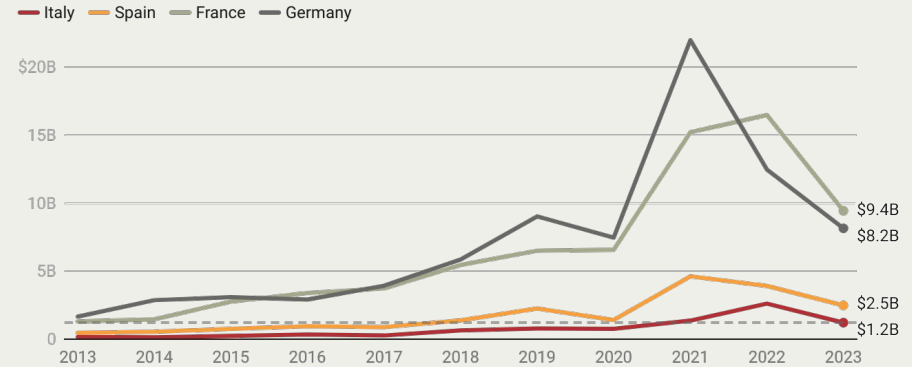
Over the last decade, France and Germany demonstrated robust growth, both in the amount of capital invested, with CAGRs of +19.7% and +15.6% respectively, and in the number of investment rounds, with +7% and +4%, respectively.

Italy and Spain have also exhibited an upward trend during this period, with invested amounts growing at a CAGR of +20% and +16.4% respectively, and in investment rounds of +3% and +6% respectively.

Particularly noteworthy is Italy's scenario, where a 644% rise in funding amount between 2013 and 2023, aligns with just a 31% increase in the number of rounds, indicating an increase in the average size of investment rounds.

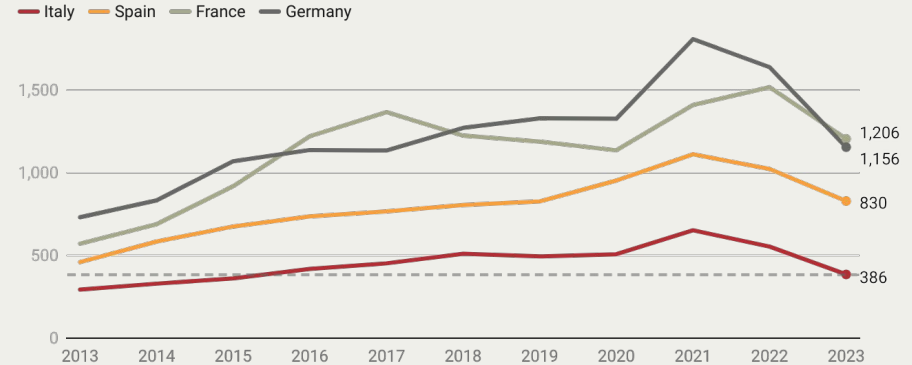
VC Investments by Country

2013 - 2023



Number of VC Rounds by Country

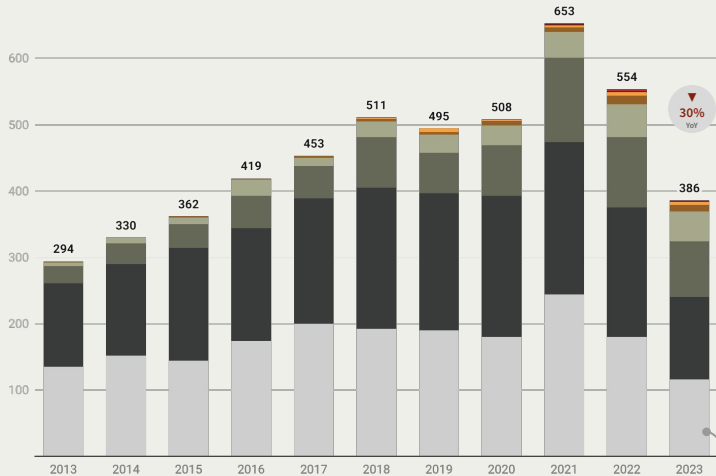
2013 - 2023



Italy's VC rounds declined through 2022-23, following Europe's trend. Growth Stage rounds gained share at the expense of Early and Late Stage

Number of VC rounds in Italy in 2023 sat at 386, dropping by 30% compared to 2022 and declining for the second year in a row. Europe followed the same trajectory, showing a 26% decrease in 2023 vs. 2022. Early Stage rounds are the backbone of the Italian VC sector, accounting for over 94% of total rounds vs Europe's 88%, but in 2023 experienced a pronounced decrease (-28% YoY). Growth Stage rounds showed a progressive increase over the last decade despite a minor reduction in 2023 (-17% YoY), highlighting a maturing market though still representing only 5.6% of total rounds vs Europe's 10.4%. Late Stage rounds in Italy remained limited throughout the decade (12 in total, the first being in 2018), indicative of a nascent ecosystem for high-value investments.

Number of VC Rounds in Italian startups » [view online](#)
2013 - 2023

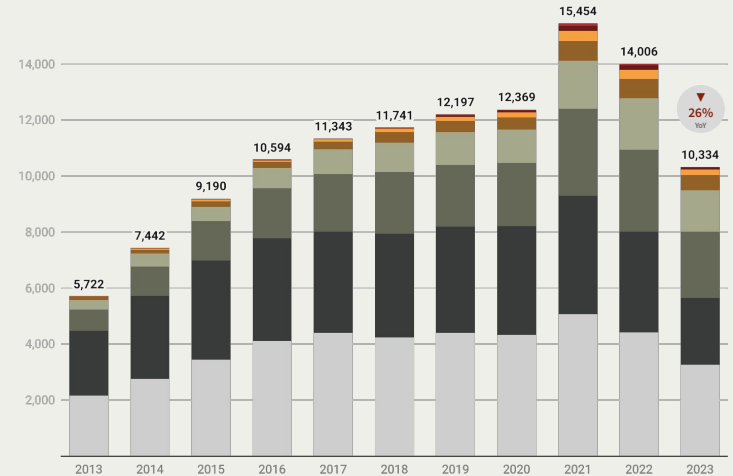


2023 as % of total
Undisclosed rounds not included

Italy	Round	Europe
0.0%	\$250m+ (Mega+)	0.3%
0.7%	\$100-250m (Mega)	1.0%
1.9%	\$40-100m (Series C)	2.9%
3.7%	\$15-40m (Series B)	7.5%
16.7%	\$4-15m (Series A)	21.0%
31.1%	\$1-4m (Seed)	33.5%
45.9%	\$0-1m (Pre Seed)	33.7%

Undisclosed rounds

Number of VC Rounds in European startups » [view online](#)
2013 - 2023



Italian ecosystems is maturing, with more startups raising Growth Stage rounds

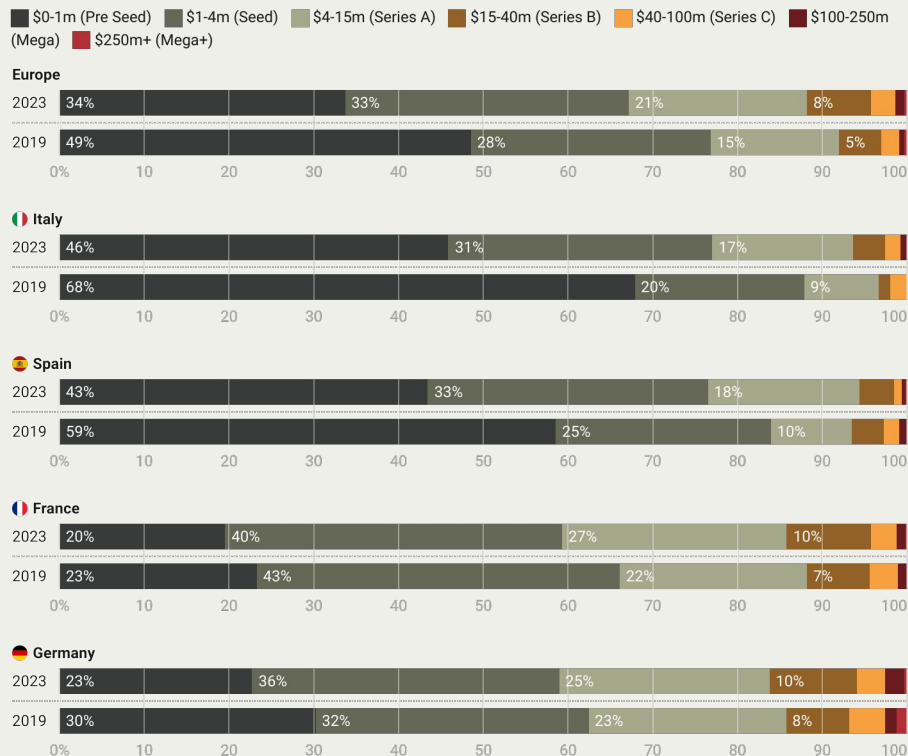
In the last five years the distribution of startups' funding rounds has matured significantly.

In 2019, European investments were predominantly in Early Stage startups (92% of total). Less mature ecosystems like Italy and Spain were above European average with 97% and 93% of rounds in Early Stage respectively, while more mature ones like France (88%) and Germany (86%) were below.

By 2023, there was a noticeable shift towards a more balanced investment distribution across stages in Europe. From 2019 to 2023, the Pre Seed stage reduced from 49% to 34%, redistributing investments to Seed (which grew from 28% to 33%), Series A (which grew from 15% to 21%) and Series B (which grew from 5% to 8%). **Italy's trend, while maintaining a preference for early-stage investments, is aligning with the European average, with more startups being promoted to later stages.** The incidence of Early Stage investments decreased from 97% in 2019 to 94%, while Growth Stage grew from 3% to 6%, indicating a maturing ecosystem.

Other European countries like France and Germany also display a shift towards funding more mature startups, particularly in the Series B and later stages, reflecting a **growing maturity and diversification in the European venture capital market.**

Number of VC Rounds by Stage as % of Total 2019 - 2023



“ **In the last ten years, Italian VC remarkable growth has propelled the country’s tech progress, especially within the cybersecurity, AI, and deep tech verticals**

Italy’s huge store of private wealth is being redirected towards backing domestic innovation, leading students to graduate with a sense that founding a tech company may even be possible



Giuseppe Donvito

Partner
at **P101**

In the last ten years, Italy has seen remarkable growth in its venture capital scene, highlighted by increased startup investments and funds raised by Italian VC firms.

This surge has propelled the country’s tech progress, **especially within the cybersecurity, artificial intelligence, and deep tech verticals**, with a strategic emphasis on integrating technology within its industrial policy.

This approach promotes job creation and fosters a tech-centric sustainable economy. Concurrently, more of **Italy’s huge store of private wealth is being redirected towards backing domestic innovation** and young Italians are considering founding their companies on home turf.

Additionally, there is significantly **increased awareness in Italy of tech and innovation**, leading university and PhD students to graduate with a sense that founding a tech company may even be possible.

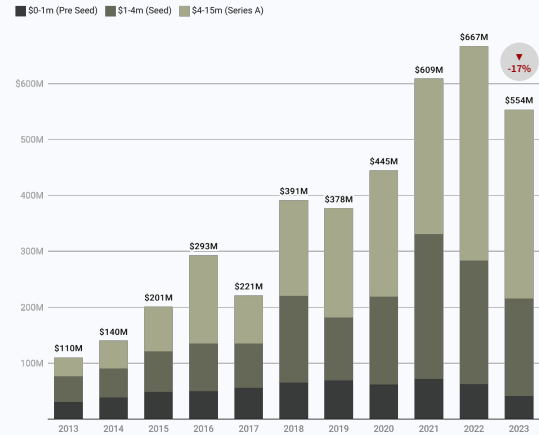
Government measures, such as investor tax incentives and startup support schemes, play a key role in this development. Yet, reducing bureaucratic hurdles remains essential for enhancing Italy's VC investment attractiveness.

It's mainly Late Stage deals that dried up in 2023 in Italy, while Early and Growth Stage deals remain resilient

2023 haircuts led to decline in investments across all stages. In Italy, least affected were Early Stage (-17% YoY) and Growth Stage (-26% YoY) deals. Most affected were Late Stage deals which in 2022 contributed to 52% of yearly deal value (being only 1% of rounds), while in 2023 they accounted for 18% of total deal value with only 2 rounds.

Early Stage

2013 - 2023



1000Farmacie

APTUS.AI
shaping knowledge

Jet HR

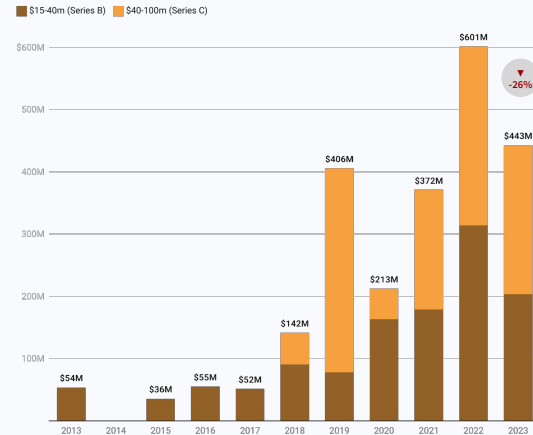
qomodo

Soplaya

UN GUESS

Growth Stage

2013 - 2023



Alps Blockchain

ARDUINO

ENERGYDOOME

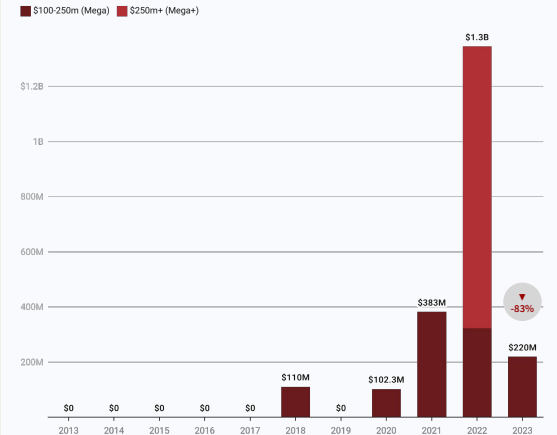
LEAFSPACE

Planet Farms
GO VERTICAL

ShippyPro

Late Stage

2013 - 2023



CASAVO

newcleo
Pulsar Energy

BENDING SPACONS

satispay

scalapay

ORBIT

2022

Tech Hubs are rising across Italy

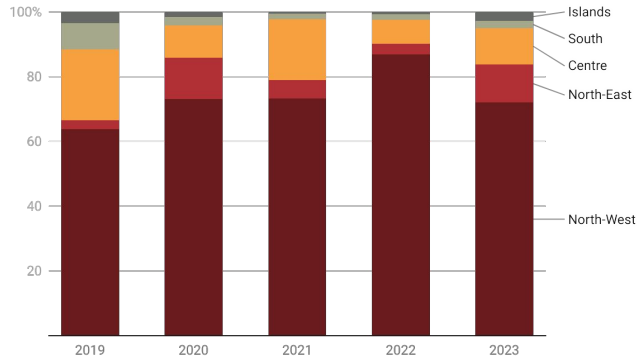
Italy's major cities - Milan, Turin and Rome - are becoming significant tech hubs, which act as magnets for talent, drawing in entrepreneurs, fostering healthy competition, easing knowledge sharing and collaboration. Investors also benefit from dense concentration of startups in these areas, facilitating investments and portfolio synergies.

Northern regions are drawing the majority of startups and investors. Their share of investments has increased from 67% in 2019 to 84% in 2023. In contrast, in 2023, the Central regions accounted for 11% of the total VC investments, while the South and the Islands contributed 2% and 3%, respectively.

Lombardy is emerging as Italy's VC epicenter, accounting for a substantial 64% of the nation's VC funding between 2019 and 2023.

Italy VC Investments as % of Total

2019 - 2023 by Area



Italy VC Investments and Number of Startups

Cumulated value 2019 - 2023 by Area



<\$259M of investments have unknown HQ Region, hence are not represented in the map



Italy is one of the fastest growing ecosystems in Europe...

Italian VC investments from 2013 to 2023 showcased significant growth, particularly from 2018, peaking at a growth of 16x in 2022, then moderating to 7.4x in 2023.

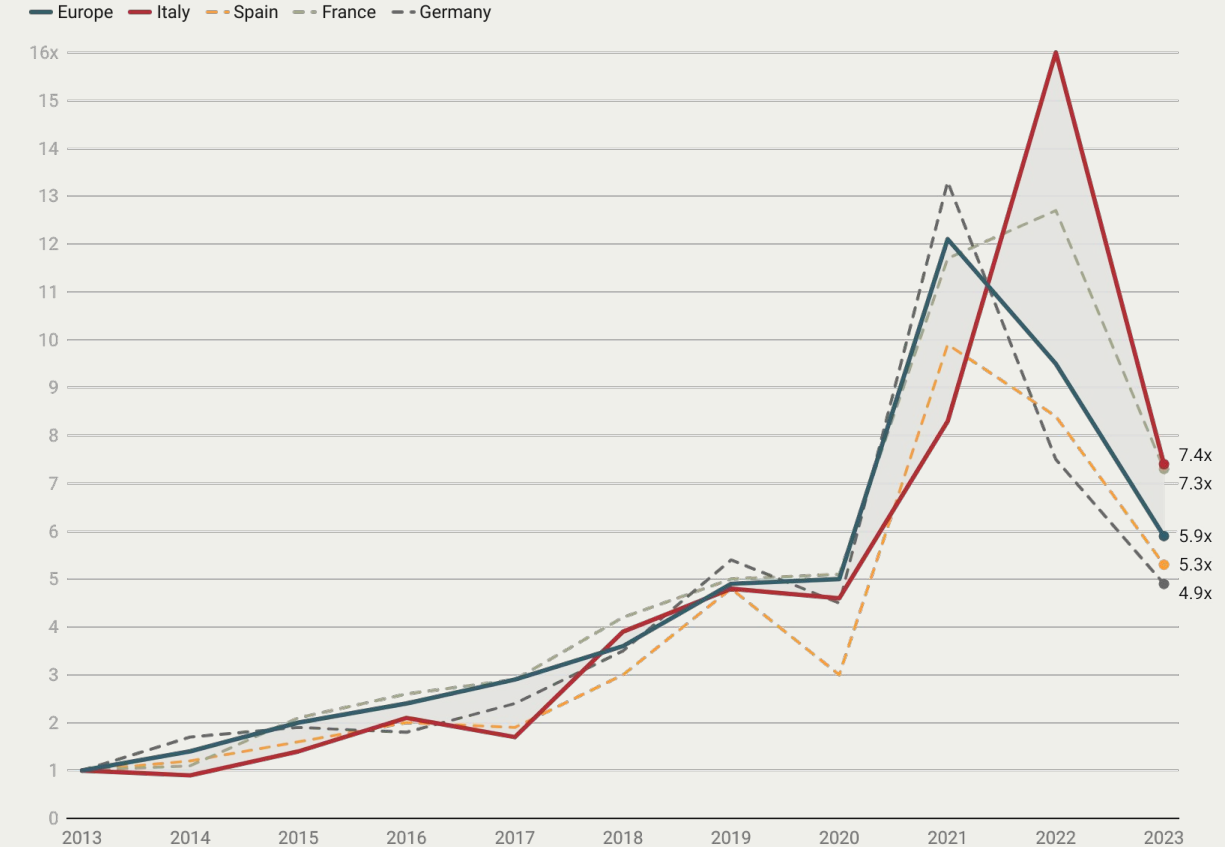
This trend indicates a burgeoning interest in Italian startups and a maturing VC ecosystem, but at the same time displays signs of volatility compared to its European peers.

Compared to the overall steady but less substantial growth in Europe, with a peak at 12.1x in 2021 and a decline to 5.9x in 2023, the Italian market demonstrates a unique trajectory.

Countries like France and Germany also showed patterns of consistent growth. Investments in France peaked at 12.7x in 2022, while Germany experienced a peak earlier in 2021 at 13.3x, then declining to 4.9x in 2023. Similarly, Spain showed significant growth in 2021 at 9.9x, but experienced a dip in 2023, sitting at 5.3x.

VC Investments Growth

Growth from 2013 to 2023 as multiple of 2013 investments



...And still has big margins for growth: Italy is Europe's #13 startup ecosystem by VC investments and #21 in per capita terms, despite being Europe's #4 economy by GDP

This underscores **potential untapped opportunities in Italy**, as well as a gap between economic capacity and entrepreneurial activity, **signaling room for development and growth in the startup sector**

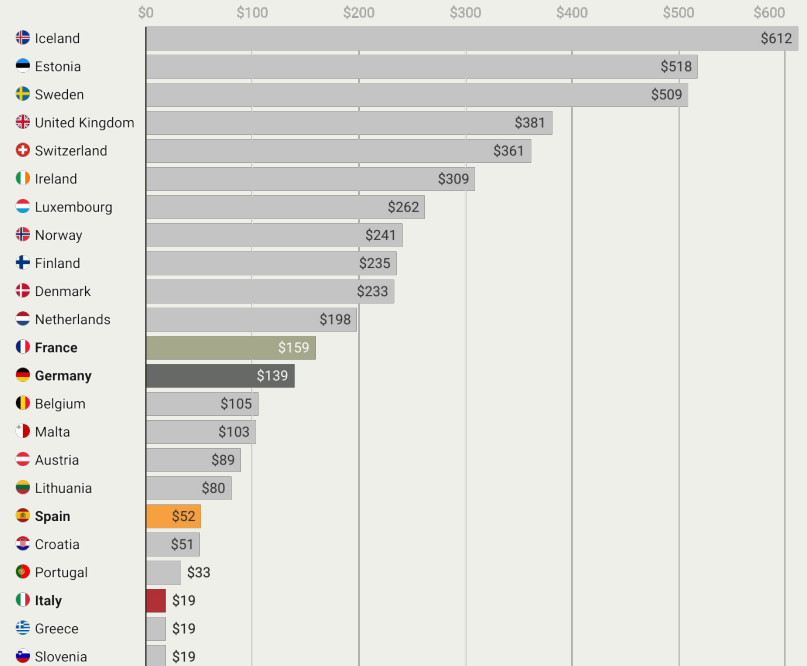
VC Investments

Cumulated value 2019 - 2023



VC Investments per Capita (Yearly)

Cumulated value 2019 - 2023 over 2023 population over 5 years



Average and median funding surges in Early Stage, Growth declines

From 2019 to 2023, **Early Stage funding average and median rose, driven by market maturation**, more accessible capital, and technological progress. Italy and Spain saw remarkable growth, with their median funding more than doubling (+138% and +100% respectively), surpassing the European average (+72%). France and Germany also experienced positive but less consistent increases.

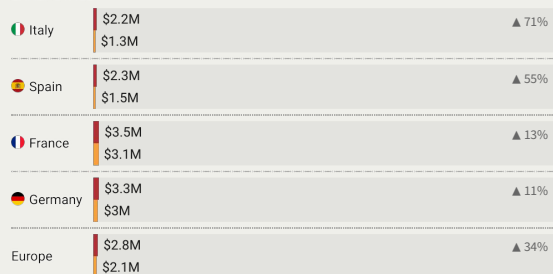
In contrast, **Growth Stage funding average and median fell, hinting at investor caution, possibly due to challenging exit conditions**. Italy's average and median funding dropped -27% and -50%, respectively.

Late Stage funding showed varied trends. Italy's significant late-stage investment shortfall suggests an underdeveloped market. While Spain's and France's averages grew, Germany's fell. Median funding trends varied: Spain and Germany saw decreases, France remained stable, and Europe's declined.

Average Funding Rounds*

■ 2023 ■ 2019

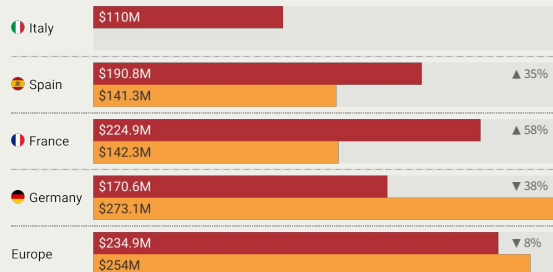
EARLY STAGE



GROWTH STAGE



LATE STAGE

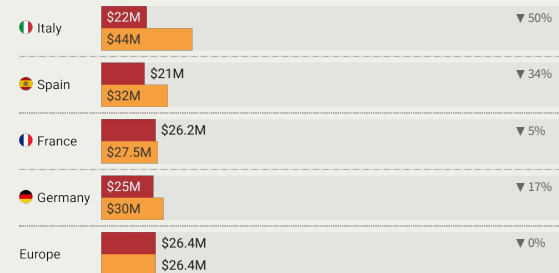


Median Funding Rounds*

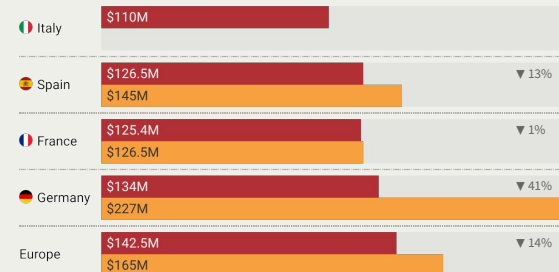
EARLY STAGE



GROWTH STAGE



LATE STAGE



*average and median are calculated if there are at least 2 investments in each stage for the target year

Graduation rates reveal risk and ecosystem maturity differences

The **steep decline in Early stage graduation rates** and beyond, across all regions, **reflects the inherent risks of VC investments**.

Italy and Spain see approximately 35% of startups advancing to Seed funding, compared to the 70% and 63% of France and Germany respectively, reflecting **differences in the overall health and maturity of startup ecosystems**.

Moving to **Series A**, 1 in 10 Italian and Spanish startup obtains Series A funding, compared to 1 in 3 in France and Germany.

However, the variation in graduation rates becomes less pronounced in **Growth stages**.

Only few achieve **Mega rounds**, emphasizing the exclusivity of these funding levels, designated for startups with validated business models and considerable growth potential.

Startups Graduation Rates

Startups founded between 2013 and 2023 - % of Startups that raised each round



Only includes VC Backed-companies with disclosed investment amounts. Stage is based on last round raised.

Longer funding cycles suggest a maturing VC ecosystem yet a more conservative investment approach

In 2023, Italy's average time between funding rounds increased to 19.5 months (+10.4% YoY) and the median to 16 months (+23.1% YoY). In Europe, average rose to 20.4 months (12.1% YoY) and median to 15 months (15.4% YoY).

Between 2013 and 2020, the European average and median time between funding rounds stayed fairly stable, ranging from 15.8 to 16.6 months and from 11 to 12 months, respectively. In contrast, Italy saw its averages rise from 12.4 to 16.6 months and medians from 8 to 13 months in the same period.

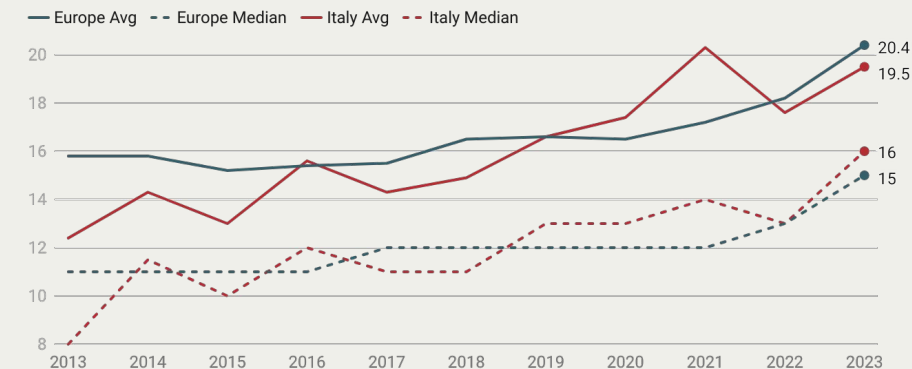
The **most significant change occurred between 2020 and 2023**: Europe's average time between rounds increased from 16.5 to 20.4 months (+24%), and the median from 12 to 15 months (+25%). Similarly, Italy's average extended from 15 to 20 months (+25%), and the median from 11 to 16 months (+45%).

Examining funding stages, Italian startups experience longer funding durations than European peers in Early Stage (Pre Seed, Seed, Series A), suggesting developmental and market positioning challenges. However, in Growth (Series B, C) and Late Stage (Mega, Mega+), Italy aligns more closely with Europe, except for Italy's faster turnaround in Mega+, since data is based on only 3 deals.

These trends indicate the European VC ecosystem's maturation, with startups taking more time to utilize capital and reach milestones, but also a shift towards a more conservative investment approach, prioritizing sustainable growth and value creation.

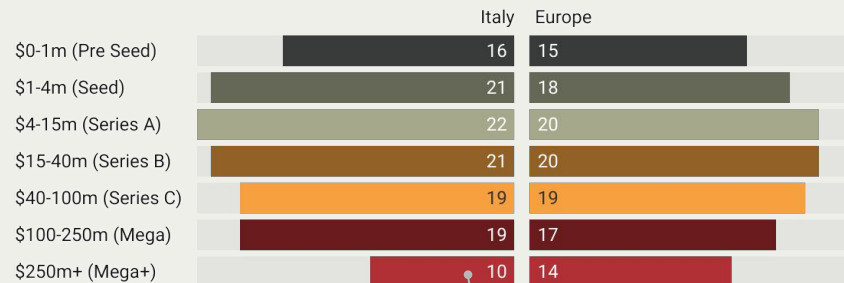
Time between funding rounds (months)

2013 - 2023



Average time between funding rounds by stage (months)

2019 - 2023



Average calculated on only 3 deals, all dated 2022

← 2. Industries, Business Models, Clients Focus

- Overall, the 2023 funding landscape in Italy suggests a **recalibration from sectors that experienced explosive growth during the pandemic**, like Fintech (with \$137M funding in 2023), Health (\$132M) and Enterprise SW (\$234M) **towards emerging and sustainable technologies** such as Space (\$144M) and Energy (\$158M).
- In the past five years (2019-23), **Fintech** has led Italian VC funding (with \$1.5B in the period), transforming mobile banking, online payments, blockchain, and AI finance. **Health** (\$887M), propelled by the pandemic's push for telemedicine and digital records, is next. Significant funding also went to **Enterprise Software** (\$879M), driven by digital transformation trends. The **Energy** (\$778M) sector's investment is growing, in line with sustainability goals. Notably, the **Space** (\$175M) industry now ranks among Italy's top ten funded sectors.
- **In 2023, B2B startup funding rose sharply from 54% in 2021 to 82% of total.** This growth is reflected also in business models funding: the rise of *physical tech* (45% of total) startups, at the expense of *marketplace and e-commerce* (15%) and the sustained, but reduced, funding in *SaaS* (35%).



“ **Fintech**, having rooted in Italy over a decade ago, **stands as a promising sector for investors**, navigating through cultural and bureaucratic hurdles, as demonstrated by the growth and investments in firms like Oryn.

Embedded finance is revolutionizing both B2C and B2B spheres, prompting us to launch Oryn Pay Later for corporates, a forward-looking B2B payment solution.

The **sector is also eyeing the cross-border payment space**, plagued by technological gaps, yet poised for growth with projections of reaching \$250T by 2027. This opens **vast prospects for fintech to boost transaction efficiency, security, and global economic growth**.



Ivan Pellegrini
Founder & CEO
at **Oryn**

“ Italian **health-tech sector reflects the nation's healthcare innovation, balancing breakthroughs with bureaucratic challenges**, slowing its progress compared to global counterparts.

Investor interest has shifted **from cautious to enthusiastic** in the past five years, driven by technology's healthcare potential, with investments on AI, telehealth, and personalized medicine expected to continue.

The sector attracts diverse investors, including CVC, VC funds, family offices, and public entities, due to its **demonstrated resilience and long-term impact potential**. This evolving landscape suggests a **promising future for health-tech investments, emphasizing scalable, innovative solutions**.



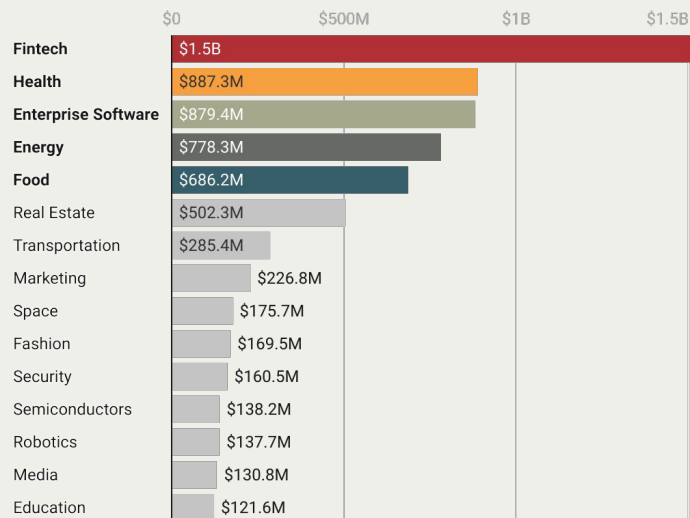
Nicolò Petrone
Founder & CEO
at **1000Farmacie**

Fintech, Health, and Enterprise SW drive the charts of last 5 years, reflecting the growing emphasis on digital innovation, healthcare advancements, and sustainable solutions

In the last five years, **Fintech** has topped European funding, revolutionizing mobile banking, online payments, blockchain, and AI-driven finance. The **Health** sector, spurred by pandemic-driven needs for telemedicine and digital records, follows closely. **Enterprise Software** also saw significant funding, riding the digital transformation wave for better efficiency and analytics. Meanwhile, the **Energy** sector's funding is on the rise, aligning with global sustainability trends. Notably, the **Space** industry has entered for the first time Italy's top ten funded sectors. The top 5 funded industries in Italy and Europe contribute to over 50% of total funding of the last 5 years, while the top 10 to over 80%.

Top 15 Funded Industries in Italy » [view online](#)

Cumulated value 2019 - 2023

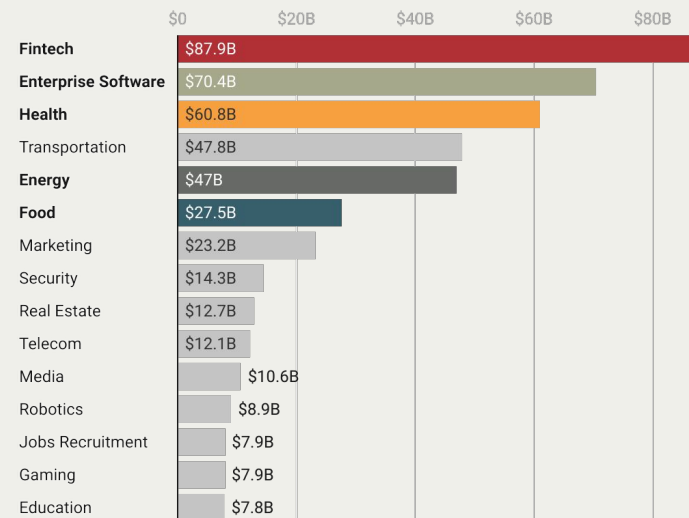


As % of total 2019-23

Italy	Industry	Europe
20.0%	Fintech	17.3%
11.7%	Health	12.0%
11.6%	Enterprise Software	13.9%
10.3%	Energy	9.3%
9.0%	Food	5.4%
6.6%	Real Estate	2.5%
3.8%	Transportation	9.4%
3.0%	Marketing	4.6%
2.3%	Space	1.3%
2.2%	Fashion	1.2%
19.5%	Others	23.1%

Top 15 Funded Industries in Europe » [view online](#)

Cumulated value 2019 - 2023



Fintech declines, Energy & Space climb the ranks

Fintech, the top funded industry over the past five years, experienced a noticeable funding decrease in 2023 in major European countries, hinting at a saturated market.

This decline paved the way for the rise of **Energy** startups, propelled by the shift towards sustainable energy systems, including renewable sources, energy storage, electric vehicles, and self-driving technologies.

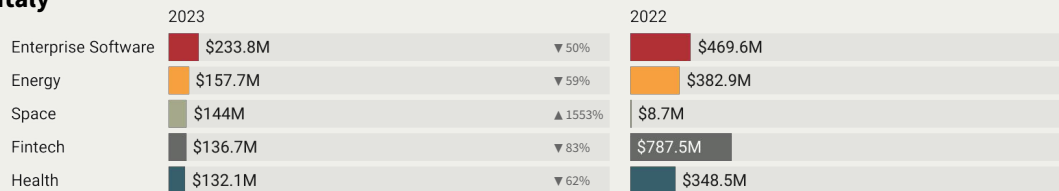
Meanwhile, in Italy, **Space** startups have climbed the ranks, indicating the growth of a dynamic ecosystem in its early and developmental stages.

Enterprise Software and **Health** sectors remain strong, despite funding reductions compared to 2022, with Enterprise SW consistently ranking among the top two funded industries in 2023 and 2022, driven by businesses' ongoing demands for increased operational efficiency and digitalization.

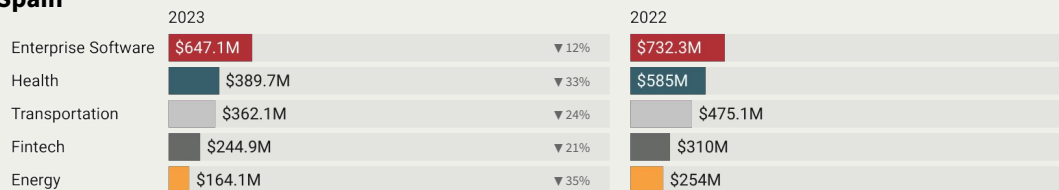
Top 5 Funded Industries in 2023 by Country

2023 - 2022, ordered by 2023

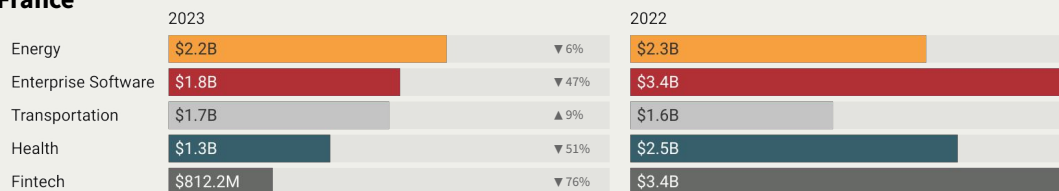
Italy



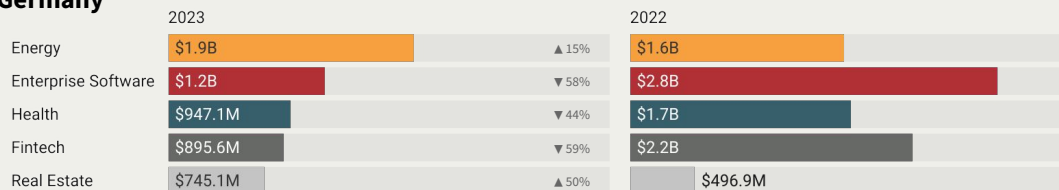
Spain



France



Germany



Dynamic shifts, with focus on digital, sustainable energy, and spacetech innovations

Overall, 2023 funding landscape in Italy suggests a recalibration from sectors that experienced explosive growth during the pandemic, like Fintech and Health, towards emerging and sustainable technologies such as Space, Energy and Transportation. This shift underscores the evolving nature of Italy's venture capital focus, aligning with broader global trends towards sustainability and technological innovation.

Italy's Top 10 Funded Industries

2023

Industry	% of total 2023	Growth 2023-22	Growth 2022-21	2023	2022	2021
1 Enterprise Software	17%	-50%	1071%	\$233.8M	\$469.6M	\$40.1M
2 Energy	12%	-59%	106%	\$157.7M	\$382.9M	\$186M
3 Space	11%	1553%	18%	\$144M	\$8.7M	\$7.4M
4 Fintech	10%	-83%	190%	\$136.7M	\$787.5M	\$271.2M
5 Health	10%	-62%	252%	\$132.1M	\$348.5M	\$98.9M
6 Food	9%	-23%	-39%	\$124.8M	\$162.3M	\$264.3M
7 Transportation	8%	217%	-5%	\$110.1M	\$34.8M	\$36.5M
8 Travel	3%	87%	8%	\$38.6M	\$20.6M	\$19.1M
9 Telecom	3%	182%	124%	\$34.8M	\$12.3M	\$5.5M
10 Semiconductors	2%	-48%	185%	\$32.1M	\$61.4M	\$21.5M

Top Italian Funded Companies by Industry

2023

Enterprise Software

BENDING SPOONS

UN GUESS

Jet HR

Energy

ENERGYDOME

BEDIMENSIONAL

TAU

Space

D-ORBIT

LEAFSPACE

SIDEREUS

Fintech

fabrick
SHAPING FINANCE, TOGETHER

ONE TRADING

APTUS.AI
shaping knowledge

Health

AAVANTGARDE
BIO

IOOFarmacie

CELLPLY

A shift to B2B, driven by SaaS and Physical Tech

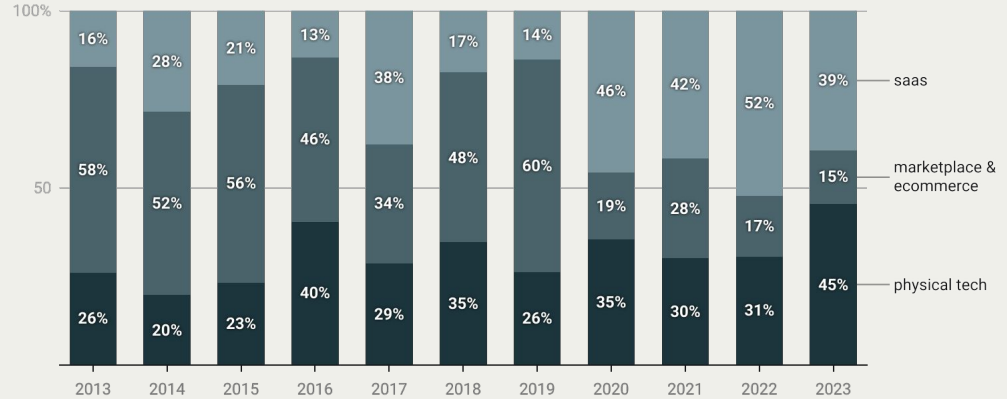
In 2023, there was a notable **consolidation in funding for B2B startups**, increasing from 54% of the total in 2021 to 82% in 2023.

This is reflected in the rise of **physical tech** startups suggesting a focus on incorporating innovative technologies in traditional industries, likely driven by Industry 4.0 initiatives. The sustained funding in **SaaS** aligns with the ongoing digital transformation. This came at the expense of **marketplace and e-commerce** funding, which reached maturity after years of rapid growth, heightened during the pandemic.

The significant **tilt towards business-focused investments**, as opposed to consumer-focused, reflects the pursuit for sustainable and scalable revenue models, and the growing demand for digital transformation solutions across traditional industries. Moreover, the reduction in mega deals, more common in the B2C sector, played a role in this shift.

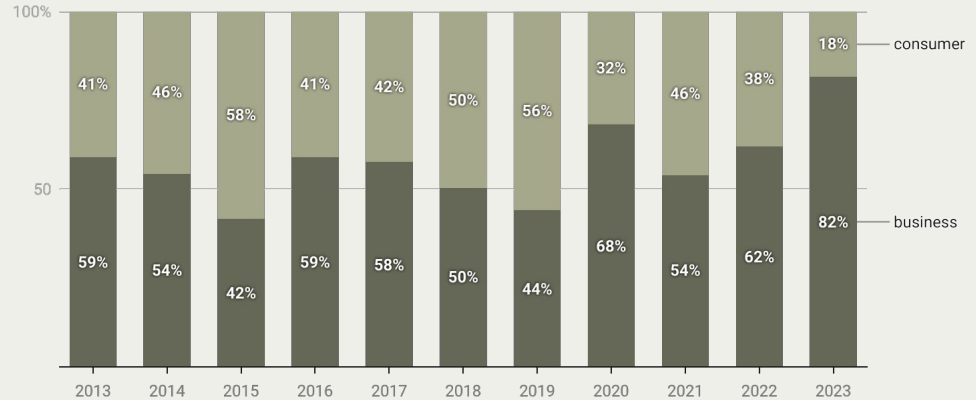
VC Investments in Italian Startups by Business Model as % of Total

2013 - 2023



VC Investments in Italian Startups by Client Focus as % of Total

2013 - 2023



← 3. Valuations

- **Italy's VC ecosystem value hit \$71.7B in 2023, a 27% YoY growth**, outpacing EU's 7% modest growth. **Over the last decade, Italy's ecosystem value surged 25x** compared to the EU 12-fold rise, with startups established between 2015-2023 seeing their value skyrocketing to €22.9B in 2023, and those founded in 2010-2015 reaching \$13.3B.
- **The value of the Italian VC ecosystem still lags behind other more mature European economies** like Germany and France in terms of absolute figures. Italy's 2023 enterprise value at \$71.7B is equivalent to Spain in 2020, France in 2016 and Germany in 2015. However, the surge in the number of VC-backed startups in Italy from 803 in 2013 to 2,983 in 2023 (271% growth), showcases the dynamism of the Italian startup landscape.
- **In 2023, the average startup valuation in Italy stands at \$24M, with a CAGR 2013-23 at 19%**. Yet, countries like Germany and France exhibit average valuations at nearly double the value of Italy. Italy's startup landscape, while gradually maturing, faces a juxtaposition — one third the number of startups compared to those in Germany and France, with only a sixth of their ecosystem value.

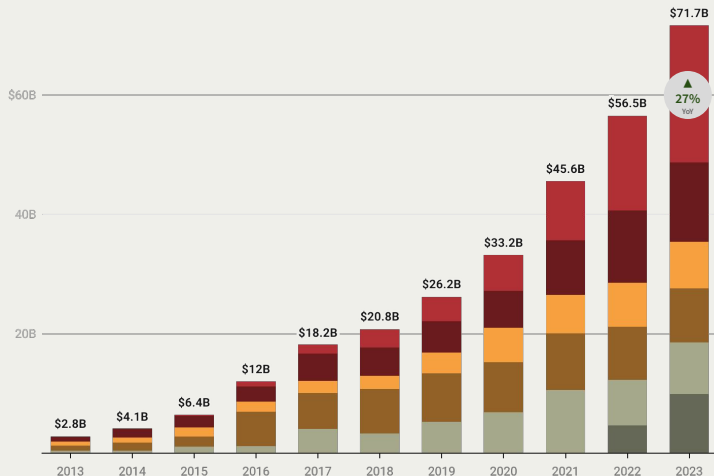


The value of Italy's VC ecosystem has seen a steady increase in the last 3 years, in contrast to the relatively flat growth of the EU ecosystem

Italy's VC ecosystem value hit **\$71.7B** in 2023, a **27% YoY growth**, outpacing the EU 7% modest growth. From 2013 to 2023 Italy's ecosystem value surged **25x** compared to the EU **12-fold rise**. In particular, Italian companies founded in the last decade showed exponential growth, with **startups established between 2015-2023** seeing their value skyrocketing from virtually nil in 2015 to €22.9B in 2023 (32% of Italy's 2023 ecosystem value), and **startups established between 2010-2015** growing to \$13.3B in 2023 (18.6% of Italy's 2023 ecosystem value). Similarly, around 46% of 2023 European ecosystem value is attributed to companies established between 2010 and 2023, with **startups founded during the period 2015-2022** experiencing **5x growth** and **startups born between 2010-2015** growing **3x** during the period 2019-2023

Italian VC Ecosystem Value* by Founding Date » [view online](#)

2013 - 2023

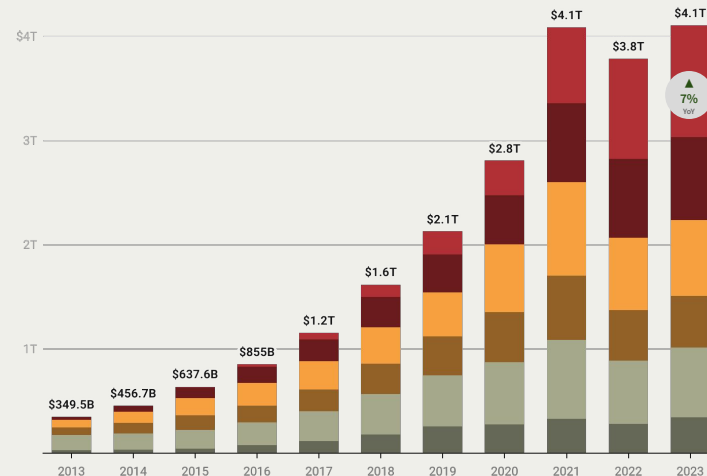


2023 as % of total

Italy	Cohort	Europe
32.0%	2015 - 2023	26.1%
18.6%	2010 - 2015	19.4%
10.9%	2005 - 2010	17.7%
12.6%	2000 - 2005	12.1%
12.1%	1995 - 2000	16.4%
13.9%	1990 - 1995	8.3%

European VC Ecosystem Value* by Founding Date » [view online](#)

2013 - 2023



The Italian tech ecosystem is younger than other major European economies...

Despite growing at 38% CAGR from 2013 to 2023 (outpacing European CAGR of 28%), the value of the Italian VC ecosystem **still lags behind other more mature European economies** like Germany and France in terms of absolute figures. **2023 enterprise value of the Italian VC ecosystem (\$71.7B)** is equivalent to Spain in 2020, France in 2016 and Germany in 2015. Spain, while smaller than Germany and France, has also shown robust growth, reaching an ecosystem value of \$115.8B in 2023.

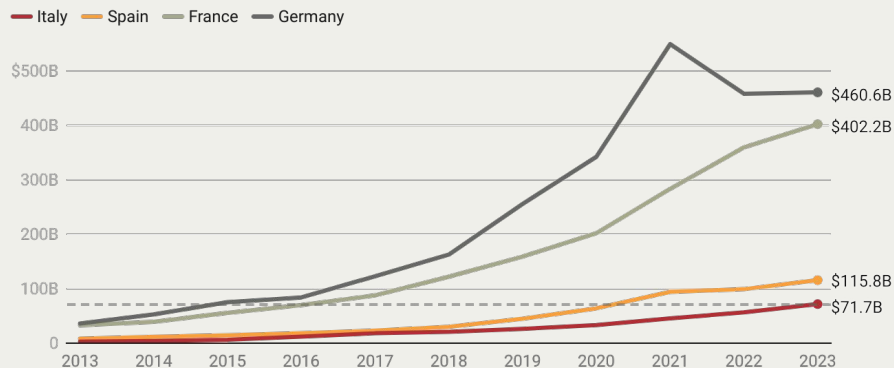
The surge in the number of VC-backed startups in Italy from 726 in 2013 to 2,983 in 2023 (271% growth), showcases the dynamism of the Italian startup landscape. However, Italy still falls behind Spain, Germany, and France in terms of startup density, with the latter two countries boasting more substantial and denser startup environments at 9,157 and 10,281 startups, respectively.

In 2023, the **average startup valuation in Italy stands at \$24.0M, displaying the highest CAGR 2013-2023 at 19%**. Yet, countries like Germany and France exhibit average valuations at nearly double the value of Italy. Italy's startup landscape, while gradually maturing, faces a juxtaposition — one third the number of startups compared to those in Germany and France, with only a sixth of their ecosystem value

Although **the majority of startups in Italy are still in lower-value early stages compared to VC-backed startups in Germany and France**, data underlines that Italian companies are navigating a smoother path to later stages, indicating a maturation process within the Italian VC ecosystem.

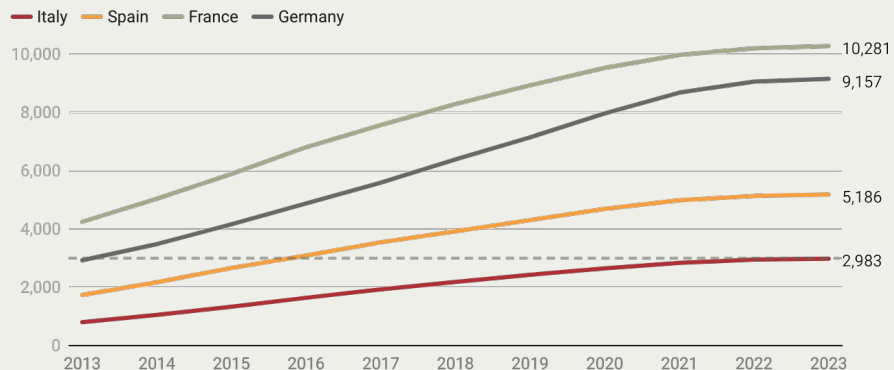
VC Ecosystem Value* by Country 2013 - 2023

*Sum of the valuations of all startups in the ecosystem. Using estimated valuations based on most recent VC rounds, public markets and publicly disclosed valuations



Number of VC-backed* Companies by Country 2013 - 2023

*VC-backed: company that has a round in any of these types: SEED, EARLY VC, LATE VC, VC, GROWTH EQUITY VC, CONVERTIBLE, ANGEL, SERIES X



...but its growth trajectory is ahead of the curve

Italy's VC ecosystem growth multiple of 25.5x

from 2013 to 2023, the highest among major European countries and more than double the European average, indicates a rapidly maturing market.

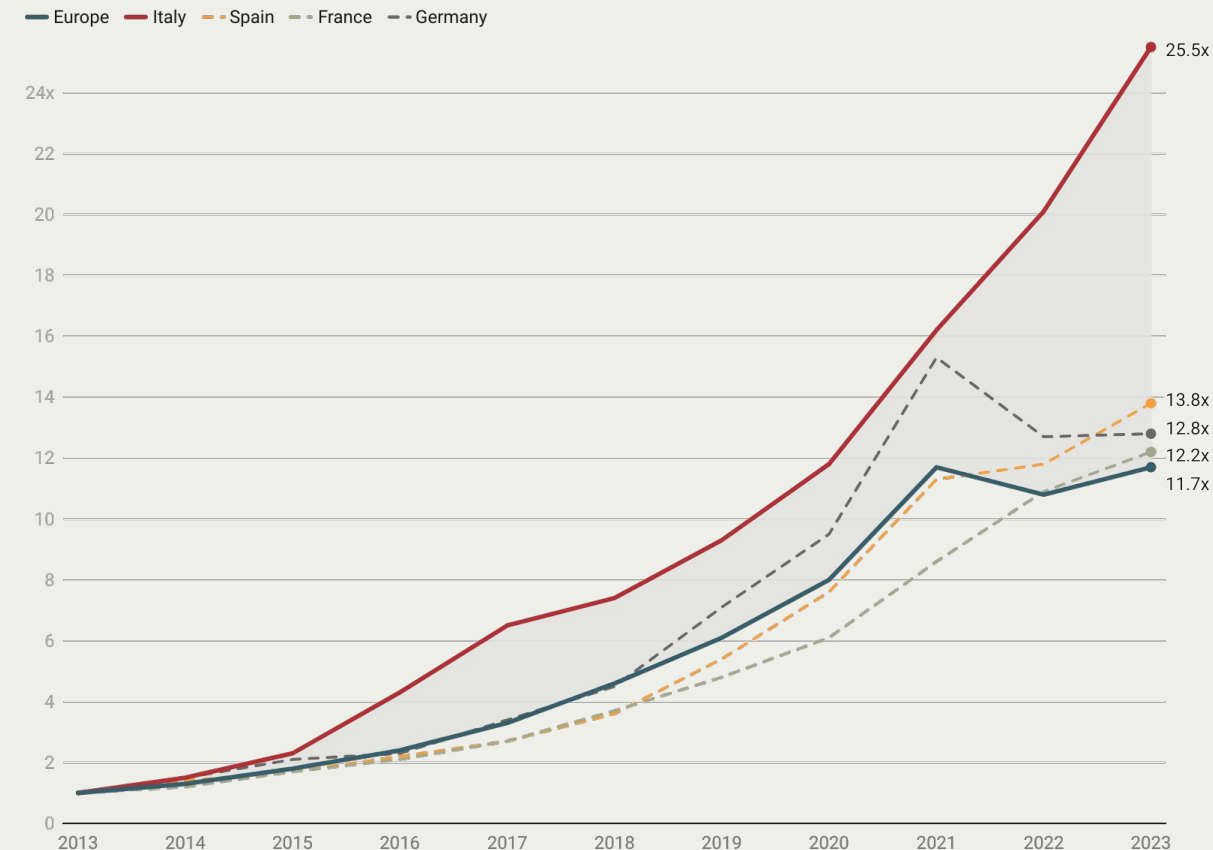
In comparison, Germany's VC ecosystem, valued at \$373.4B in 2023, grew 12.8x its 2013 value. France, reaching \$393.4B in 2023, saw a 12.2x increase. Spain, with a 2023 value of \$108.3B, grew 13.8x.

Starting from a lower base value, this growth reflects successful scaling of startups, increased investor confidence, supportive government policies, and the emergence of high-value startups, especially in tech.

The diversification of Italy's startup ecosystem and alignment with global investment trends have further fueled this exceptional growth, suggesting a **strong potential for continued expansion in the future.**

Ecosystem Valuation* Growth

Growth from 2013 to 2023 as multiple of 2013



*Sum of the valuations of all startups in the ecosystem. Using estimated valuations based on most recent VC rounds, public markets and publicly disclosed valuations.

← 4. Exits

- In 2023, the total **number of M&A operations experienced significant growth**, attaining record-breaking figures of #234 (+47% YoY) and #4,743 (+46% YoY). Notably, acquisitions emerged as the predominant driver of M&A activity in both Italy and Europe, overshadowing buyouts, which were hampered by the elevated cost of debt.
- **Italian M&A activity has shown a consistent growth trend over the past ten years**, growing at a **28% CAGR from 2013 to 2023**. Acquisitions have seen a significant rise since 2013, growing 16x and topping 212 in 2023, while buyouts have experienced a more modest trajectory, with numbers generally remaining low over the years, yet showing a noticeable increase since 2013, growing 10x.
- **Italian IPOs display modest and fluctuating activity**, in contrast to the broader European scenario. **The VC IPO market in Italy is even more static**, as digital-centric VC-backed companies going public amount to a mere 3 IPOs in 2023.



“ The cornerstone of success in the startup world lies not just in securing funding, but in **cultivating resilience and a solid focus on profitability**

For those aiming for a PE exit, it is essential to build a business with **robust EBITDA and a commanding presence in a market segment**

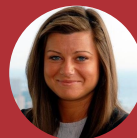
I am **really bullish about the future of Italian startups**, as Italy is on the cusp of a transformation, driven by a new generation of entrepreneurs, fostering a culture of innovation, resilience, and strategic growth



Massimo Ciociola
Chairman & CEO
at **Musixmatch**

“ TPG's acquisition of Musixmatch underscores the **Italian VC ecosystem appeal to international investors** like us, thanks to Italy's nascent but innovative startup landscape

We believe that with the notable growth the Italian VC market experienced in the last decade, it is on the right path to **strengthen its position as a vibrant and attractive destination for VC and PE investments**



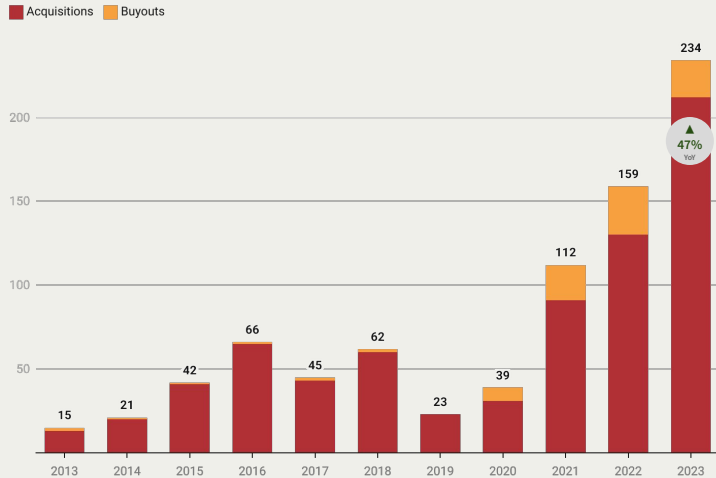
Jacqueline Hawwa
Partner
at **TPG**

In 2023 M&A activity hit an all-time high both in Italy and Europe, growing nearly 50% YoY

Liquidity events play a pivotal role in the ecosystem, facilitating the realization of capital gains, the redistribution of talent, and the cultivation of a new wave of innovative companies. In the dynamic context of 2023, the **total number of M&A operations experienced significant growth, surging by +47% and +46% YoY in Italy and Europe, respectively**, attaining record-breaking figures of #234 and #4,743. Notably, **acquisitions emerged as the predominant driver of M&A activity in both Italy and Europe, overshadowing buyouts, which were hampered by the elevated cost of debt**. Despite the overall uptick in M&A transactions, the M&A landscape for VC-backed companies witnessed a decline, predominantly influenced by subdued public listing activity.

Italy M&A Activity » [view online](#)

2013 - 2023

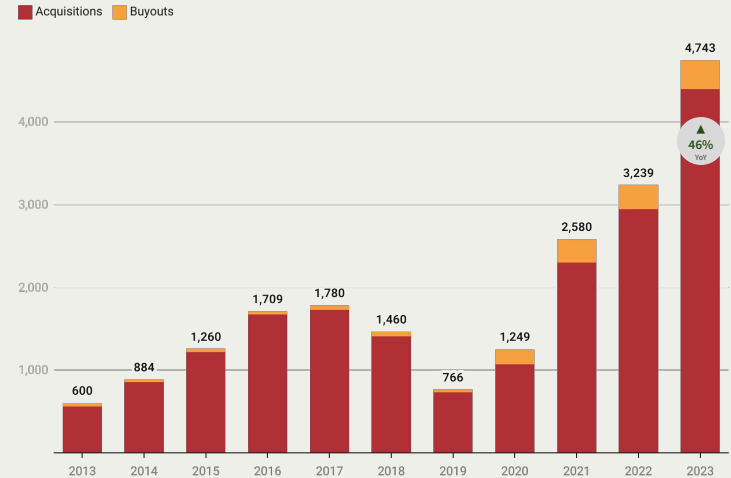


2023 as % of total

Italy	Exit	Europe
9.4%	Buyouts	7.4%
90.6%	Acquisitions	92.6%

Europe M&A Activity » [view online](#)

2013 - 2023



“ **International private equity firms have exhibited a growing interest in Italian VC-backed startups**

The primary factor contributing to the limited presence of PE-led exits is time: PEs typically target sizable assets, necessitating a considerable time frame for their maturation

As existing investors begin to realize returns, it is anticipated that more will be drawn into the fold



Alexandre Berenga

Sr. Vice President
at **PSG Equity**

International private equity firms have exhibited a growing interest in Italian VC-backed startups, as underscored by their active participation in Italy's tech startup conferences over the past year, indicative of a growing trend toward cross-border investment.

Italian venture capitalists play a pivotal role in **enhancing the global exposure of startups**, offering founders a viable alternative to selling to industry aggregators.

The primary factor contributing to the **limited presence of private equity-led exits in this scenario is the element of time**: private equity entities typically target sizable assets, necessitating a considerable time frame for their development and maturation.

Given that the Italian VC ecosystem is still in its nascent stages, there is now a noticeable **emergence of Italian tech startups attaining critical mass**, and as existing investors begin to realize returns, it is anticipated that more stakeholders will be drawn into the fold, contributing to the further expansion and maturation of the Italian venture capital landscape.

M&A points to a dynamic corporate sector with increasing activities in acquisitions

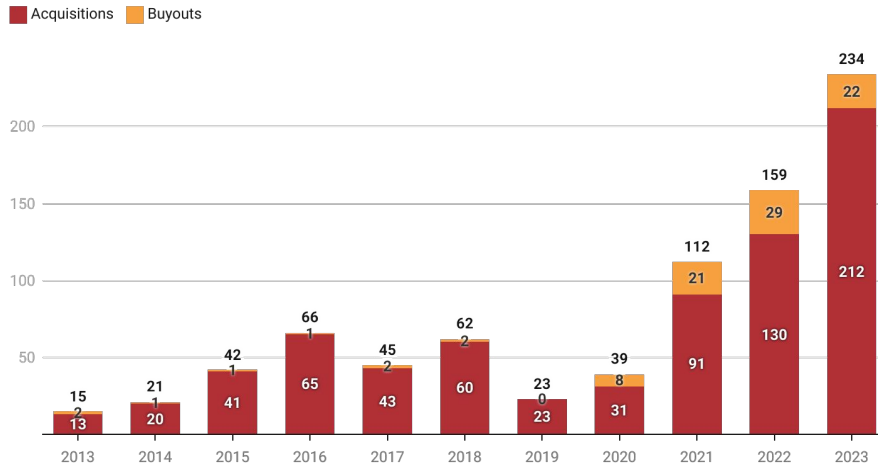
Italian M&A activity has shown a **consistent growth trend over the past ten years**, growing at a 28% CAGR from 2013 to 2023.

Acquisitions have seen a significant rise since 2013, growing 16x and topping 212 in 2023, indicating a robust and expanding market for corporate takeovers and strategic consolidations.

In contrast, **buyouts have experienced a more modest trajectory**, with numbers generally remaining low over the years, yet showing a noticeable increase since 2013, growing 10x.

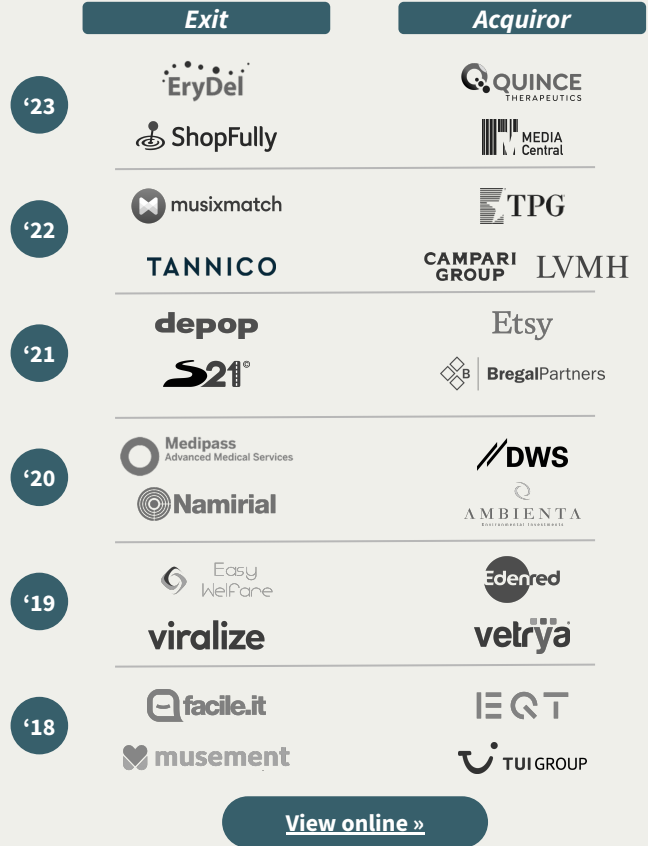
Italy M&A Activity - Acquisitions & Buyouts

2013 - 2023



Selected Acquisition & Buyouts

VC-Backed Companies



Note: exits are representative and not exhaustive

“ The Italian VC ecosystem needs a robust blueprint for IPOs and scaling up

This involves ecosystem maturation, developing best practices, and expertise transfer across entrepreneur generations

Also, startups internationalization is key, advocating for an arbitrage strategy that keeps R&D in Italy while expanding sales abroad, mostly to North America and will likely align multiples to its benchmarks

On the other hand, International VCs support scaling of local startups, through global expertise and expanded networks



Claudio Erba

Founder & Former CEO
at **Docebo**

The Italian VC ecosystem needs a robust blueprint for IPOs and scaling up. Central to this framework is the synergy of the ecosystem maturation, Startups internationalization and consolidation of international VC funds presence.

Ecosystem maturation entails the development of best practices and the transfer of expertise across generations of entrepreneurs, to elevate the quality and operational efficiency of startups.

Startups internationalization is not only desirable but necessary, advocating for an arbitrage strategy that **keeps R&D in Italy while expanding sales abroad, mostly to North America. This approach aims to align valuation multiples with those in North American markets** and is crucial given the challenges Italian startups face, including limited central hubs and a small, SME-focused market. By overcoming these challenges, entrepreneurs can have an advantage in international expansion compared to their peers in countries like Germany and France, where a larger domestic market offers less incentive to early expansion abroad.

Moreover, **increased presence of international VCs supports scaling of local startups, through enhanced funding availability, global market expertise, and expanded networks.** This not only aims to commercial success but also to strategic exits with significant multiples, facilitated by a mature foreign market.

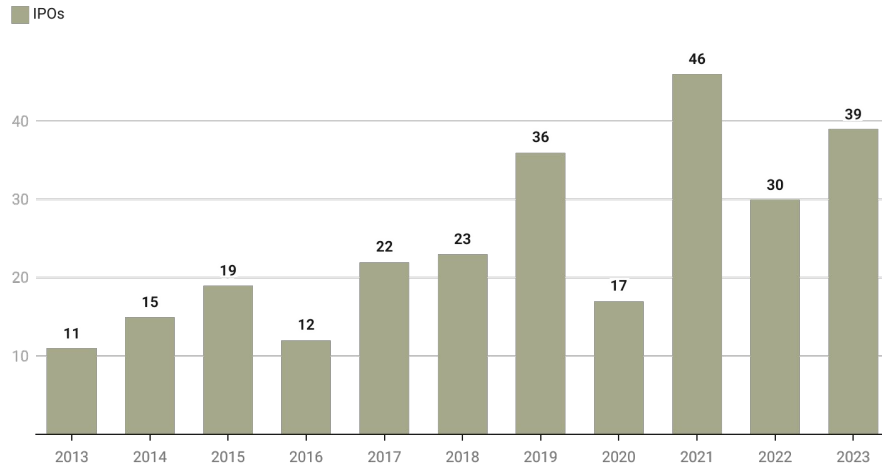
Italian IPO market have shown modest activity with fluctuating behaviour over the years

The landscape of IPOs in Italy signifies a modest market trajectory in contrast to the broader European scenario. While Italy experienced a variable number of IPOs, reaching a zenith of 46 in 2021, the total count has settled at 39 in 2023, demonstrating a modest yet noteworthy 30% YoY increase.

The VC-backed IPO segment in Italy adds an additional layer of complexity, with a remarkably sparse representation of **digital-centric VC-backed companies going public, amounting to a mere 3 IPOs in 2023.**

Italy IPO Activity

2013 - 2023



Selected IPOs



[View online »](#)

“ **The influx of foreign smart money is not only noteworthy but is complemented by a parallel commitment from local investors, creating a positive cross-pollination effect**

It is imperative to see more sizeable exits in the ecosystem, and be more vocal about celebrating our successes within the global tech community



Alessandro Casartelli

Managing Director
at **GP Bullhound**

The growth trajectory of the Italian tech landscape is gradually aligning with other influential geographies, fueled by ambition, entrepreneurial vigor, top-tier talent, and thriving companies. **The influx of foreign smart money is not only noteworthy but is complemented by a parallel commitment from local investors, creating a positive 'cross-pollination effect'**, which is key in a cross-border sector such as Tech.

There is a growing cohort of strong investor backed companies, and numerous businesses still remain under-the-radar, many of them profitable and poised to transact with late-stage growth or private equity.

It is imperative to see more sizeable exits in the ecosystem, and be more vocal about celebrating our successes within the global tech community. While the number of exits in Italy is still relatively low, there have been impressive results recently, for example the Musixmatch / TPG deal, Safety21 more than doubling in size since Bregal acquisition, and Bending Spoons becoming a global consolidator in Consumer Software.

I am confident that, **with the help of the right regulation and tax incentives to investment in tech, the Italian ecosystem can maintain a strong momentum and compete on the global scale.**

← 5. Universities

- **In 2023, Italian university spin-offs grew to a valuation of \$2.1B**, a 3.9x increase from 2019, driven by universities' focus on innovation through incubators, accelerators, and VC networks.
- The growth in number of spin-offs has been remarkable over the past 5 years, with the **number of university spin-offs counting 907 in 2023**, a 1.3x increase from 2019.
- Between 2014 and 2023, about **7.500 Italian university projects have received** 350 to 400k each, amounting to **\$2.83B in the period**
- **Milan, Bologna, and Rome Universities are key sources of startup founders in Italy**, fostering a trend in entrepreneurial growth and economic diversification into sectors like tech, renewable energy, and biotech, attracting foreign investment.



“ Italian universities have launched dedicated programs to bridge the gap between academic learning and practical entrepreneurial skills

These initiatives aim to equip students with the knowledge and skills necessary to navigate the complex world of entrepreneurship and venture capital



Nico Valenti Gatto

Director
at **Bocconi for innovation (B4i)**

Italian universities have launched dedicated programs to bridge the gap between academic learning and practical entrepreneurial skills. These include accelerators and incubators for early-stage startups, along with networking events, hackathons, and pitch competitions to connect entrepreneurs with professionals and investors.

These initiatives aim to equip students with the knowledge and skills needed to navigate the complex world of entrepreneurship and VC. **At Bocconi for Innovation**, we contribute through coaching and lectures, like the *'Italy Startup Conference'*, which attracted over 370 founders, investors, and students.

Additionally, university collaborations like the Entrepreneurship Club network, spanning five universities, **foster the Italian entrepreneurial scene through activities like the University Startup Challenge**, involving 400 students, 15 corporates, and over 30 startups.

Also notable is **MUSA - Multilayered Urban Sustainability Action**, part of the National Recovery and Resilience Plan (PNRR). Funded by the Ministry of University and Research, it **aims to impact entrepreneurship among students, supporting 1,000 researchers and initiatives** like the National Innovation Award across several universities, including University of Milano-Bicocca, Politecnico di Milano, Bocconi University, and Università degli Studi di Milano.

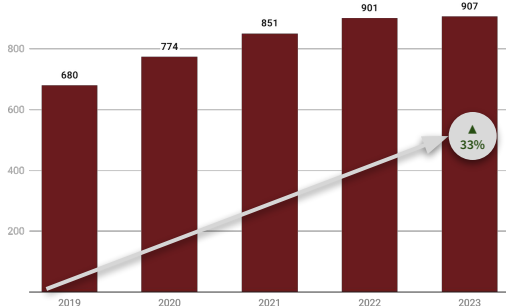
Italian university spin-offs are continuously growing, reaching a valuation of \$2.1B in 2023

Italy's university spin-off ecosystem has grown significantly in the last decade, with universities playing a key role in driving innovation and entrepreneurship through the establishment of incubators, accelerators, TTOs, and VC networks to support startups with resources and mentorship.

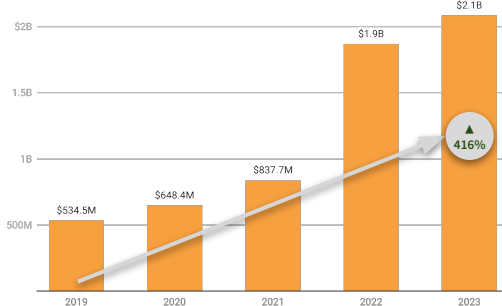
The **number of university spin-offs counted 907 in 2023**, a 1.3x increase compared to 2019 and a 4.6x increase vs. 2013. Similarly, the **university spin-offs ecosystem's value, reached \$2.1B in 2023**, a 3.9x increase compared to 2019 values.

The European programs of Horizon 2020 and Horizon Europe have been an important source of grants for universities in Italy. Between 2014 and 2023, **about 7.500 Italian university projects have received 350 to 400k each, amounting to \$2.83B in the period**

Number of Italian Universities Spin-offs
2018 - 2023



Value of Italian Universities Spin-offs
2018 - 2023



Selected Italian Universities Spin-offs

AINDO

ALTIILIA

blubrake

Cubbit

ERMES[™]
Intelligent Web Protection

Finapp[®]

fleaptech

KITHER
biotech

PICOSATS
SPACE TECHNOLOGIES SOLUTIONS

NEWTWEN

W • SENSE

Zerynth.

focoosAI

[View online »](#)

Milan, Bologna, Rome Universities are producing the majority of Founders and Startups

In recent years, Italy witnessed a **remarkable surge in the entrepreneurial spirit among its university alumni**. Various success stories are visible not only in Italy but across Europe, with alumni founders moving abroad.

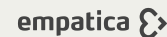
This trend is **contributing to the diversification of Italy's economy** by venturing into new sectors like technology, renewable energy, and biotech, and attracting foreign capital.

Number of Italian Universities Spin-offs

All time

	Alumni-founded Startups	Alumni Founders	Alumni Founders that raised > \$10M
Bocconi University	1,434	1,337	155
Polytechnic University of Milan	581	528	75
University of Bologna	429	432	35
Sapienza University of Rome	401	366	29
Polytechnic University of Turin	305	311	35
Catholic University of the Sacred Heart	300	271	22
University of Milan	287	274	29
University of Turin	257	240	29
University of Padua	246	223	29
University of Pisa	171	171	14
University of Genoa	135	131	4
Luiss Guido Carli University	129	116	14
Roma Tre University	124	113	7
University of Milan-Bicocca	92	88	10
Ca' Foscari University	85	82	4

Selected Alumni Startups



[View online »](#)

← 6. Flywheel

- The Italian startup ecosystem is flourishing, with **entrepreneurs reinvesting their gains and knowledge into new ventures, fueling the Startup Flywheel** for sustainable growth. This cycle boosts the sophistication and global reach of Italian startups, vital for Italy's venture capital scene and its role in Europe's tech sector by fostering capital and talent flow into new companies.
- Meanwhile, the **Investors Flywheel is in its nascent stage, set for rapid expansion after the venture capital sector's emergence in Italy a decade ago**. Initiated by early successes and seasoned investors, this cycle promises to enrich and broaden the investment scene. As it accelerates, it promises a stronger support network for startups, indicating a vigorous and evolving venture capital ecosystem in Italy.



“ **In a mature entrepreneurial cluster, human capital, talent, and expertise tend to stay in place, contributing to its dynamism by establishing new startups**

Serial entrepreneurs, particularly valued by investors, leverage their past experiences, learning from previous ventures and deploying valuable knowledge, expertise, and networks in subsequent endeavors



Elisa Alvarez-Garrido, Ph.D.
Assistant Professor
at **University of South Carolina**

In a mature entrepreneurial cluster, human capital, talent, and expertise tend to stay in place. This is not just a characteristic, but a driving force of the growth of the cluster to achieve maturity.

Entrepreneurs who remain in the cluster contribute to its dynamism by establishing new startups, serving as mentors to aspiring entrepreneurs, and even transitioning into investor roles. Their presence serves as an inspiration for emerging generations, showcasing the viability of startup endeavors as rewarding career paths.

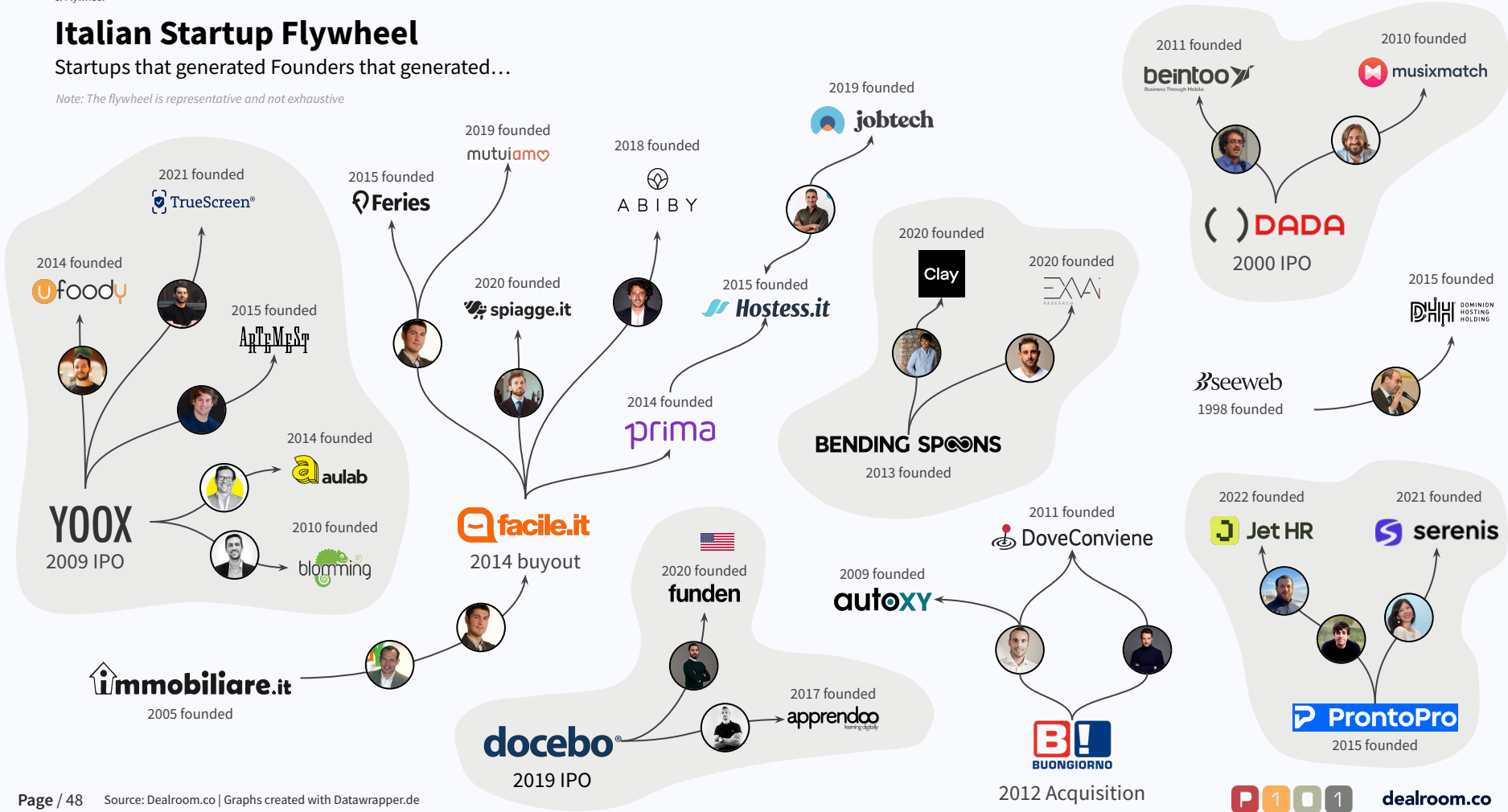
Serial entrepreneurs, particularly valued by investors, leverage their past experiences, learning from previous ventures and deploying valuable knowledge, expertise, and networks in subsequent endeavors. Their resilience and capacity to take calculated risks make them stand out, especially if they've had a successful exit, providing the financial means to pursue ambitious projects with higher expected rewards.

These ventures, in turn, not only sustain but amplify the momentum of the entrepreneurial cycle, **servng as dreams and aspirations for new entrepreneurs and acting as a countermeasure against brain drain.**

Italian Startup Flywheel

Startups that generated Founders that generated...

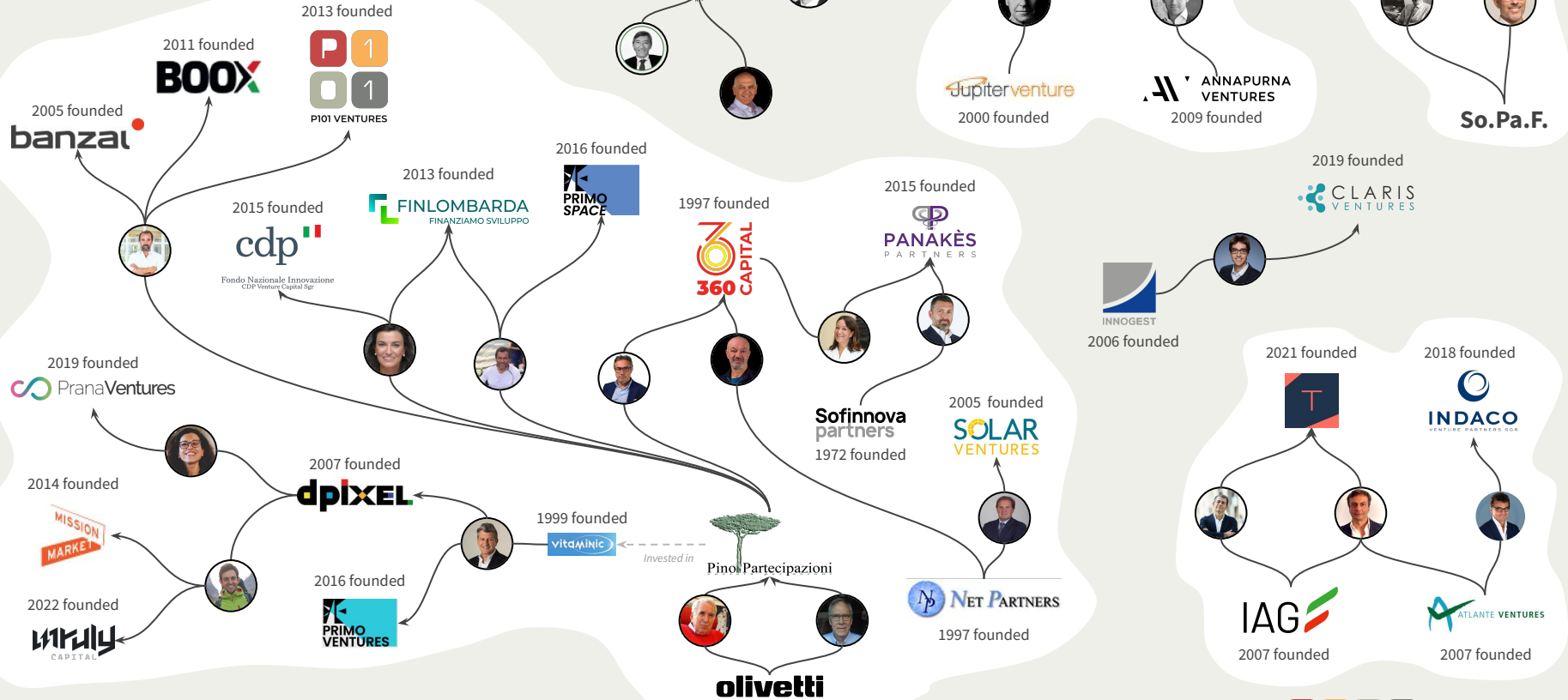
Note: The flywheel is representative and not exhaustive



Italian Investor Flywheel

Funds that generated Investors that generated...

Note: The flywheel is representative and not exhaustive



← 7. Investors & Fundraising

- **The amount raised by new Italian VC funds in 2023 sat at \$1.3B**, witnessing a substantial 88% increase compared to 2022, with **11 funds raised during the year**. In contrast, the European landscape experienced a 32% YoY contraction in the total funds raised in 2023.
- **Italy's investor environment is predominantly VC-driven, with VCs making up 61.9%** of investor types. Accelerators, account for 25.2%. Italy's participation in crowdfunding and family offices aligns with France, while its presence in angel funds and corporate VC is limited compared to France and Germany.
- In line with 2023 VC investments being concentrated in the North of Italy, also the **large majority of Italian investors have their HQ in the Northern regions**, especially in the North-West with 296 investors (65% of total). Rome, Turin, Bologna, and Florence also show significant VC investor presence.
- **Italian investors** are the backbone of the domestic venture capital scene, with a **presence of 69% across 2023 funding rounds**. European and North American investors are increasingly participating in later stages.



“ **In Italy, the proportion of businesses utilizing alternative financing is still modest**

It is thus essential to enact policies that promote and democratize investments in the real economy

Azimut has shifted its focus from traditional asset management to a stronger engagement in alternative investments and venture capital



Pietro Giuliani
Founder & Chairman
at Azimut

In Italy, the proportion of businesses utilizing alternative financing is still modest, as does the share of private investments in alternative funds when measured against the total assets managed by the private banking sector.

It is thus essential to enact policies that facilitate investment and enhance access to capital for Startups and SMEs.

Since 2013, Azimut has launched initiatives like Azimut Libera Impresa Sgr and Italia 500, in partnership with P101, aimed at **revitalizing the real economy and democratizing the reach of alternative investments to include both retail and institutional investors**. Additionally, they aim to channel a segment of the substantial wealth of Italian households, exceeding 4 trillion euros, towards supporting businesses.

Consequently, **Azimut has shifted its focus from traditional asset management to a stronger engagement in alternative investments and venture capital**, setting a precedent in Italy over the last decade.

Italian VC Investors landscape

Note: The landscape is representative and not exhaustive. Investors are shown only at the most common entry stage point. Logos are represented in alphabetical order
 *VC funds with HQ outside of Italy, that invested in at least 1 Italian Startups in the last 5 years (2019-23), and have at least 10 Portfolio companies

Late Stage & Growth
Series C+

Italian VC Funds

Italian Corporates & CVC

Foreign Funds*

Growth & Early Stage
Series A & B

Early Stage
Pre-Seed & Seed

Accelerators

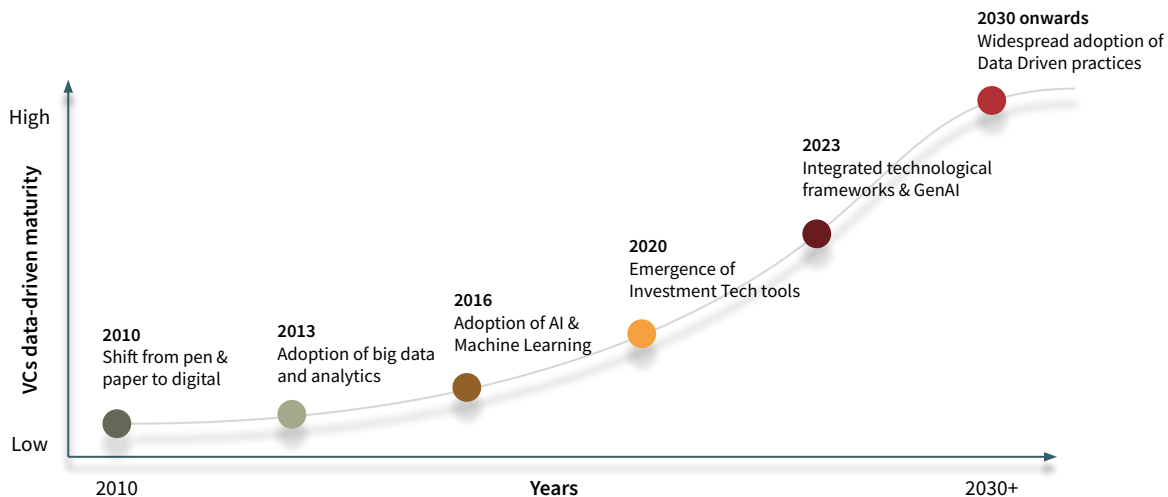
[View online »](#)

The VC industry is in the midst of a data-driven revolution

Despite its key role in the digital revolution, the VC industry began digitizing and integrating data-driven practices into decision-making and workflows only in the last decade. Consequently, VC firms are now creating dedicated divisions - hiring engineers, developers, and data scientists - to achieve several key benefits:

- **Efficiency:** by digitizing and streamlining operations and processes, to manage larger funds with fewer staff
- **Effectiveness:** by extending origination and reducing missed opportunities or underperformers, to boost returns
- **Awareness:** by adopting data-driven practices, to differentiate in the market and attract investors and startups

However, currently only a **small fraction (about 1%) of VC firms have fully implemented data-driven initiatives and formed dedicated teams***. This gap has given rise to *Investment Tech*, a new category of off-the-shelf tools that facilitate the VCs' data-driven transition.



“ At P101, we established the *Data Insight* division, with the goal of building an integrated tech stack, combining off-the-shelf and bespoke solutions for optimal synergy

This enables us to develop leading hedge investment pipeline and fund admin processes

It has now become a must for VCs, in order to remain competitive, to start adopting data-driven practices into their decision-making and workflows

Though, it is essential to embrace a **cultural shift** across teams, in order for the data-driven journey to succeed



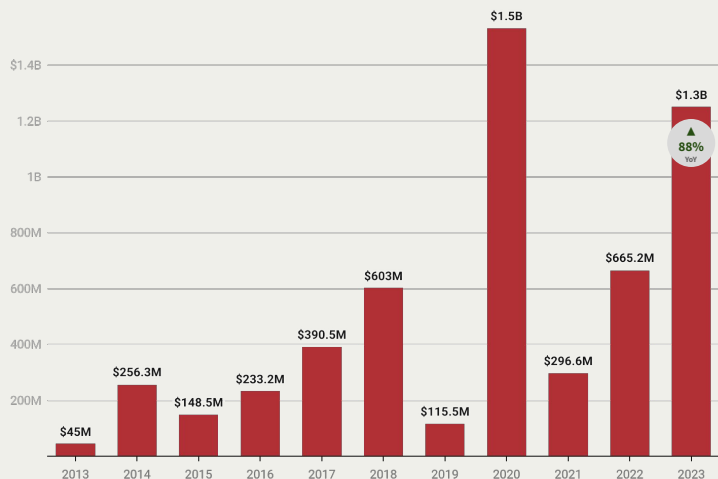
Alessandro Tavecchio
Jr. Partner
at P101

Italy's VC Fundraising demonstrated a robust recovery in 2023, with amount raised growing 88% YoY across 11 new funds, showing substantial dry powder to be deployed

The amount raised by new Italian VC funds in 2023 sat at \$1.3B, witnessing a substantial 88% increase compared to 2022, with 11 funds raised during the year. However, fundraising remains below the record high reached in 2020 (\$1.5B), that was mainly driven by low interest rates, increasing number of new startups and need for funding facilitated by the pandemic-accelerated digital transformation. **Moreover, 2023 marked a notable 71% YoY increase in the average fund size in Italy, surpassing even 2020 metrics. In contrast, the European landscape experienced a 32% YoY contraction in the total funds raised in 2023.** However, considering the number of VC funds secured, the **average fund size in Europe reached an unprecedented high of \$125M** during the same period.

Amount Raised by New VC Funds in Italy » [view online](#)

2013 - 2023

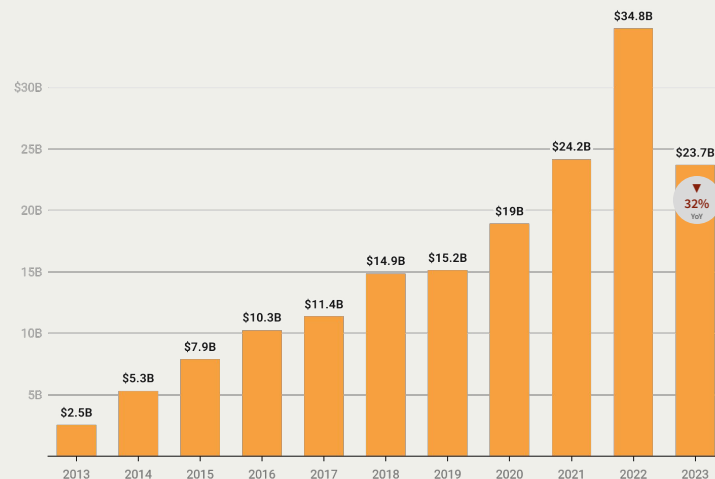


Number of New VC Funds

Italy	Years	Europe
11	2023	189
10	2022	304
7	2021	210
17	2020	186
3	2019	176
6	2018	186
5	2017	144
3	2016	120
2	2015	90
2	2014	67
1	2013	44

Amount Raised by New VC Funds in Europe » [view online](#)

2013 - 2023



Created with Datawrapper

Europe's VC landscape thrives; Italian VC market grows steadily, diversifying confidently

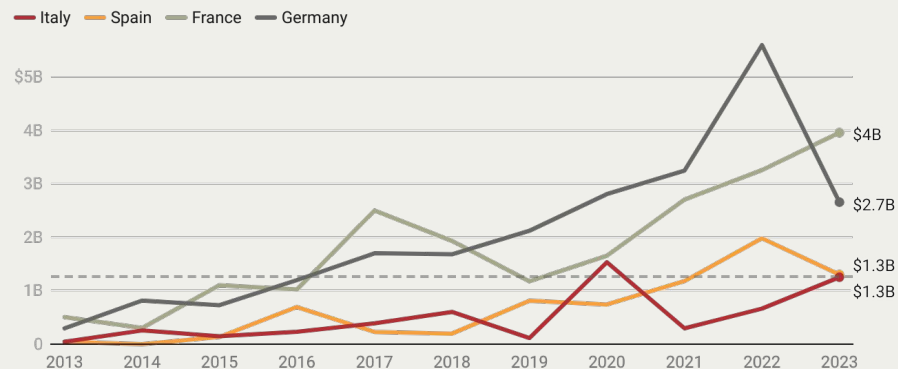
The **European VC fundraising landscape demonstrated robustness**, displaying a consistent upward trajectory from 2013 to 2023. A substantial portion of this growth, totalling **\$116.8B raised by new VC funds, occurred during the period from 2019 to 2023**. Germany and France emerged as leaders in this surge, raising approximately \$16.4B and \$12.7B, respectively. Spain secured about \$6.0B, while Italy attained \$3.9B.

Particularly **noteworthy is Italy's remarkable VC fundraising growth, achieving a notable CAGR of 35% from 2013 to 2023**. Over the same period, the number of funds in Italy expanded tenfold, and the **average fund size soared from €44.9M to €113.8M in 2023**. In contrast, more mature markets like France and Germany, while boasting larger absolute values in terms of fundraising and number of funds, experienced comparatively lower CAGR rates over 2013-2023 period, at 20.5% and 22.0%, respectively.

Although Italy VC market is still catching up with more established economies, these figures underscore a continuous and robust growth trajectory. The consistent increase in the number of new Italian VC funds, rising from 1 in 2013 to 11 in 2023, coupled with the augmentation in average fund size, signifies a deepening and diversifying market. **These trends suggest growing investor confidence and a widening spectrum of investment opportunities within the country.**

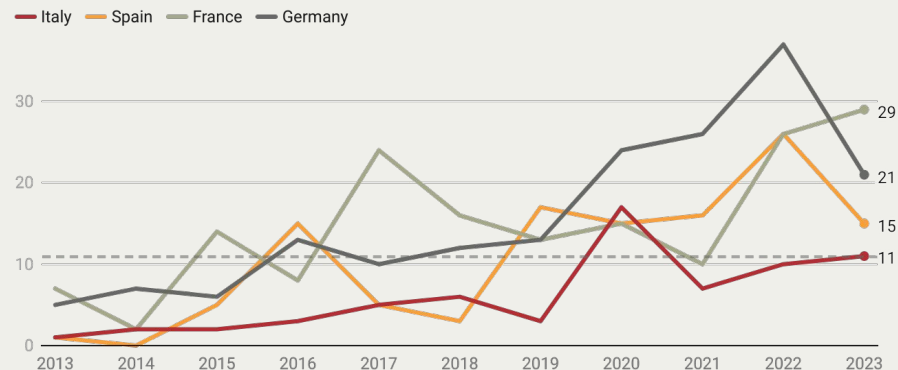
Amount of New VC Funds Raised by Country

2013 - 2023



Number of New VC Funds Raised by Country

2013 - 2023



“ **The VC sector in Italy has gained increased recognition, aligning with the need to innovate traditional industries, stay ahead of market trends, and explore alternatives to established asset classes**

The expanding size and liquidity of the VC market are drawing in new investors, including Family Offices and Holdings, leveraging their flexibility to capitalize on this market opportunity and diversify their portfolios



Nicola Iorio
Managing Partner
at **Palladio Holding**

In Italy's maturing private equity market, investors are increasingly focusing on innovation to add value. Private Equity firms are turning to technological, process, product, and sales channel innovations to grow and enhance their portfolio companies' performance. For us, venture capital primarily offers insight into such innovations, a source of potential deals, and lastly an anticipation of upcoming market trends.

Recently, the VC sector in Italy has gained increased recognition, aligning with the need to innovate traditional industries, stay ahead of market trends, and explore alternatives to established asset classes like Private Equity.

We believe that the expanding size and liquidity of the VC market are drawing in new investors, including Family Offices and Holdings. These investors are **leveraging their flexibility compared to institutional investors to capitalize on this market opportunity and diversify their portfolios.**

At Palladio, we are extending our network of industry experts and strategic partners to stay ahead in these fast-evolving times. We view VC as a key strategy to position ourselves for capitalizing on imminent market shifts.

First-time funds are growing and Italian private wealth is being redirected towards VCs

VC Fundraising in 2023 accounted for \$1.3B across 11 funds, 4 of which are first time funds which raised a total of €110M, while the remaining 7 are new funds from existing GPs which raised €1B.

The large majority of new (and existing) funds are **focused on Early Stage investments** (from Pre-Seed to Series A). Across all new 2023 funds, only one fund - FITEC - is focused on Late Stage investments while TLI Space is the only one focused on SpaceTech.

Private wealth in Italy is increasingly being directed towards VCs. Leading affluent families have created their own VC funds - e.g., 2100 Ventures, MIP, Alecla7 - or are starting investing in Startups directly through their Family Offices or indirectly through national VC firms, signaling a beneficial shift in Italy's investment scene towards nurturing homegrown innovation.

First Time Funds

2023

	Investor name	Fund name	Amount	Stage Focus	Sector	Date
	2100 Ventures	2100 Venture Fund I	€30M	Pre-Seed / Seed	B2B, Digital	Oct 2023
	Koinos Capital	Italian Founders Fund	N.D.	Seed	Agnostic	Sep 2023
	Deep Ocean Ventures	Deep Blue Ventures Fund I	€40.8M	Seed, Series A	DeepTech	Jun 2023
	TLI Space	TLI Space	€40M	Seed, Series A	SpaceTech	Jan 2023

New Funds

2023

	Investor name	Fund name	Amount	Stage Focus	Sector	Date
	Neva SGR	NEVA II Global	€400M	Seed, Series A, B	Agnostic	Sep 2023
	Neva SGR	NEVA II Europe	€100M	Seed, Series A, B	Agnostic	Sep 2023
	United Ventures	United Ventures III	€150M*	Seed, Series A, B	Agnostic	Jul 2023
	Alkemia	Alkemia fund	€65M	Series A, B	Agnostic	Jul 2023
	FITEC	FITEC II	€137M	Series C	Digital	Jul 2023
	AVM Gestioni	Rialto VC	N.D.	Series A	B2B	Jun 2023
	Panakès Partners	Panakès (Purple) Fund II	€175M	Seed, Series A, B	Life Sciences	Feb 2023

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*target

Italian investors' scene is VC-focused, and Accelerators are key to early-stage

Italy's investors environment, with a **total of 525 investors**, is **predominantly driven by Venture Capital Funds**, constituting around **61.9%** of its investor types. This is a significant proportion, yet lower than Germany's 69.1%.

Accelerators play a crucial role in countries like Italy and Spain, accounting for 25.2% and 30.7% of total investors respectively - while it shows a much lower percentage Germany (16.6%) and France (20.5%) - providing robust support to early-stage startups through mentoring, networking opportunities, and initial seed funding. This data suggests that mature markets, with smoother startup scaling, require a larger number of VC funds focused on later stages.

Italy's participation in **Crowdfunding** (4.2%) and **Family Offices** (3.2%) is in line with France, where these sectors represent 4.9% and 3.9% respectively. Furthermore, Italy's presence in **Angel Funds** and **Corporate VC (CVC)** is limited at 2.0% and 3.4%, compared to higher percentages in France and Germany.

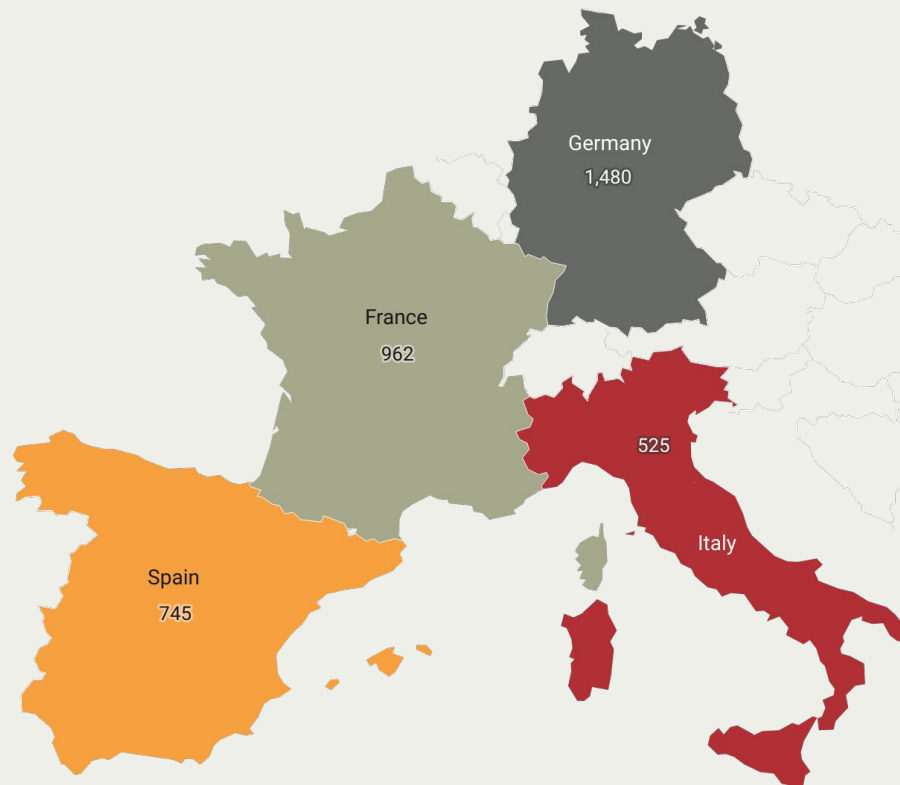
Total Number of Investors by Type

Investors with HQ in each country, as of 2023

	Italy	Spain	France	Germany
Venture Capital	325	439	587	1,023
Accelerators & Incubators	135	222	199	244
Crowdfunding	21	20	45	36
Corporate VC	18	28	45	81
Family Office	16	11	37	61
Angel Fund	10	25	49	35

Total Number of Investors

Investors with HQ in each country, as of 2023



Milan is Italy's main VC hub, followed by Rome, with Northern regions leading

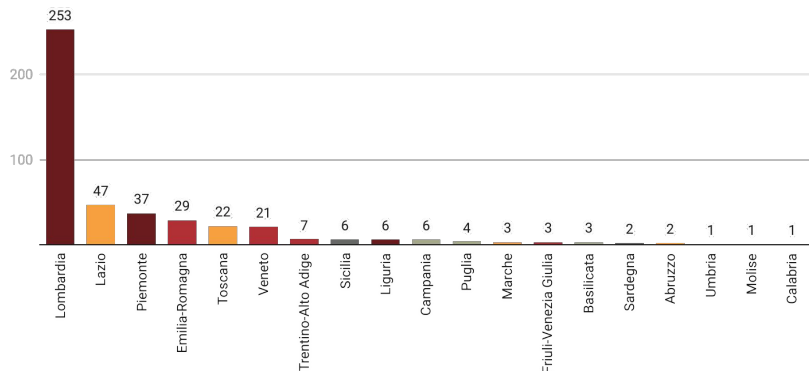
In line with 2023 VC investments being concentrated in the North of Italy, the **large majority of Italian investors have their HQ in the Northern regions**, especially in the North-West with 296 investors (65%).

The **highest concentration of VC investors is in Milan, with 229 (50%)**, making it the primary hub for venture capital in Italy.

Rome follows with 45 VC investors (a fifth compared to Milan), representing significant activity. Turin (29), Bologna (13) and Florence (9) also show a notable presence of VC investors.

Italian Investors by Region

2023*



Number of Italian Investors by Area

2023*



*62 Investors have missing Area and Region, hence are not represented in the map

“ **Recent data show a rise in both local and foreign capital availability in the Italian VC**

Emergence of new international fund managers, adopting specialized and vertical strategies, promises to disrupt an otherwise static and oligopolistic landscape

Increased capital availability, investor diversification, and targeted, specialized strategies can collectively foster the growth and success of Italian startups



Ivan Farneti
Founding Partner
at **Five Seasons Ventures**

The Italian venture capital scene faces a dual challenge. The lack of local capital slows both the funding process and the sector's overall evolution, creating an ecosystem where neither great successes nor significant failures emerge easily.

For venture capital funds, targeting exceptional successes is crucial as losses are typically limited to the initial investment. Encouragingly, **recent data show a rise in both local and foreign capital availability**, although still limited and overly concentrated among a few key investors.

Despite these hurdles, the **emergence of new fund managers with international experience and networks offers optimism.** The adoption of **specialized and vertical strategies** by these funds, an approach we strongly endorse, **promises to disrupt an otherwise static and oligopolistic landscape.** These developments suggest a shift towards a more dynamic and diversified future for the ecosystem.

Therefore, recognizing the substantial opportunities to evolve Italy's venture capital sector is vital. **Increased capital availability, investor diversification, and targeted, specialized strategies can collectively foster the growth and success of Italian startups**, encouraging a new era of innovation and entrepreneurship in the country.

Italian investors lead 2023 VC rounds, foreign presence grows in later stages

Italian investors are the backbone of the domestic venture capital scene, with a presence of 69% across 2023 funding rounds.

Between 2020 and 2023 there has been a notable **growing presence of European and North American investors** from 10% to 19% and from 5% to 8%, respectively. Their development in the Italian VC space has been fuelled by a maturing ecosystem and by the mega rounds of 2022. Asian and Rest of the World investors have had minimal and fluctuating involvement.

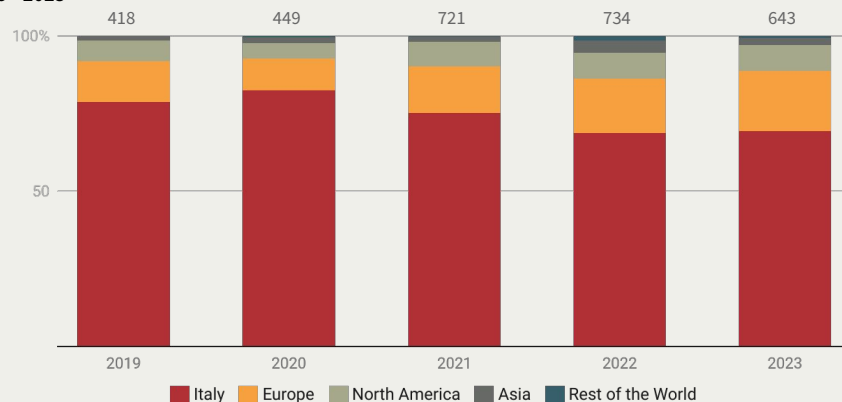
The **distribution of investors in Italian VC by funding stage shows a strong Italian presence in Early Stage**: Pre Seed (79%), Seed (78%), Series A (73%).

From **Growth Stage** onwards there's a notable shift towards European and North American investors at the expense of Italian presence. In **Series B** rounds, Italian investors represent 57% of total while Europeans 26%. In **Series C**, European investors are the majority at 41%, North American account for 26%, and Italian drop to only 32%. North American investors demonstrate increased interest in **Late Stage**. Asian and Rest of the World investors maintain a minimal role across all stages. Though, both in Growth and Late Stage, the large majority of foreign investors participated only to the funding of a single startup.

The data confirms a **correlation between round size and presence of foreign investors**. Partly due to the reduced average size of Italian VC funds and the limited number of national funds focused on late stage.

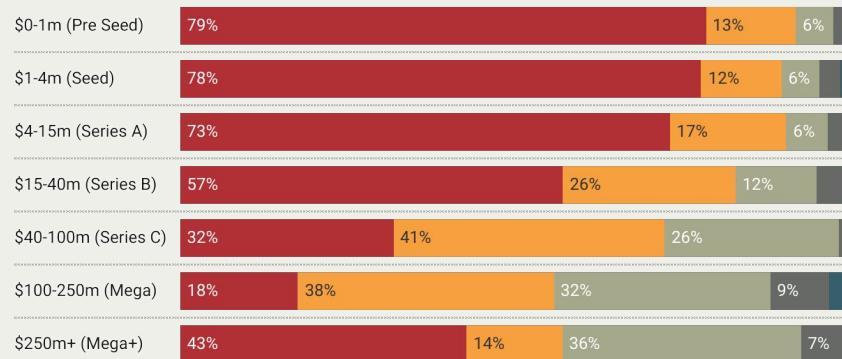
Source of Capital - Number of Investors as % of total

2019 - 2023



Source of Capital by Stage - Number of Investors as % of total

Cumulated values 2019 - 2023



Only 3 Mega+ rounds in Italy, all in 2022:
Bending Spoons, Satsipay, Newcleo



“ **Italy is attracting foreign VCs, highlighting the market's allure and the potential for international collaboration to support startups in expanding globally**

The ecosystem continues to mature after an increasing number of Italian success stories, creating the first role models and operator communities, and leading to well-established and vibrant tech hubs across the country



Ferdinand Dansard
Investment Team
at **Earlybird VC**

In recent years, Italy's startup ecosystem has experienced significant growth, prompting Earlybird to allocate more resources to the region. **The collective enterprise value of Italian startups is rapidly catching up with leading European countries**, signifying an opportune moment for Earlybird and other international VCs to establish a stronger local presence and contribute to Italy's ongoing success.

Italy has witnessed a surge in domestic venture capital, with Italian VCs raising \$3.76B from 2020 to 2023. Simultaneously, **the country is attracting foreign VCs, highlighting the market's allure and the potential for international collaboration.**

The availability of talent is a crucial factor for startup success, and Italy offers an attractive landscape for skilled professionals. Fiscal incentives, coupled with renowned business schools and tech universities like Bocconi, Bologna, LUISS, Politecnico di Milano, and Politecnico di Torino, contribute to a thriving ecosystem.

The ecosystem continues to mature after an increasing number of Italian success stories, creating the first role models and operator communities, mainly driven by Italy's first unicorns and startups with valuations of above \$100m, **leading to well-established and vibrant tech hubs across the country.**

← 8. Systemic Impact, Sustainability & Gender Diversity

- **In 2023, Italy's number of Startups and SMEs totalled 15.4k entities**, of which 86% startups and 14% SMEs. They generated a **combined production value of \$9.4B and provided 61.8k jobs**. This results in an average yearly production value of \$614k per company.
- **In 2023, investments in SDGs (Sustainable Development Goals) related startups totalled \$1.3B**, growing 1.6x with respect to 2019 (\$813M), and hitting a record high in 2022 (\$2.7B). This growth is driven by market trends and new policies like the *US Inflation Reduction Act* and the *EU Net Zero Industry Act*.
- **EU initiatives are promoting gender diversity in Italy's VC and startup sectors.** In Italy, women make up 31.4% of the VC workforce but only 14.3% in key roles. However, there's growth in female investors at junior and mid-levels. In Italian startups, women (12.6%), youths (15.0%), and foreigners (3.3%) are underrepresented in leadership roles, indicating a need for more diversity.



“ **The rising significance of ESG and gender diversity reflects a collective awakening**

Despite introducing greater complexity and bureaucratic costs, the SFDR regulation ensures a structured approach to investment, through specific ESG KPIs

While a gender gap persists among key roles in VC and Startups, it will narrow with market expansion and cultural shifts

Nonetheless, ensuring investment quality remains paramount while addressing cultural biases



Glenda Grazioli

Partner
at P101

In the current context of the European venture capital, **the rising significance of ESG principles and gender diversity reflects a collective awakening**, spurred by plenty of initiatives.

The SFDR regulation is driving a notable move toward more sustainable and responsible investments, with VC funds progressively adopting a more holistic approach. For example, P101's latest fund Programma 103 follows Article 8 of the SFDR. This adherence, **despite introducing greater complexity and bureaucratic costs, ensures a structured approach to investment**, from the initial evaluation of opportunities to the monitoring of the portfolio **through specific ESG KPIs**.

Moreover, the sector's growing awareness of ESG and gender diversity issues signals a natural progression from one concern to another. **While a gender gap persists among key roles both in VC and Startups, it is expected to narrow with market expansion and cultural shifts**, driven by changes in education where we see more women pursuing courses and professions traditionally held by men, including finance.

However, **it is essential to navigate these initiatives carefully, ensuring that the investment quality remains paramount** and that cultural biases related to both sustainability and gender diversity are mitigated.

VC generates a Systemic Impact on the Italian Economy

In 2023 Italy's number of **Startups and SMEs totalled 15.4k entities**, of which 86% startups and 14% SMEs. They **generated a combined production value of \$9.4B and provided 61.8k jobs**. This results in an average yearly production value of \$614k per company.

Particularly noteworthy is the **ICT sector****, which is a prime target for VCs and counts **7.2k companies** or 46% of the total. **This sector alone generated \$3.6B in production value**, making up 38% of the total, and **employed 29.3k people**, representing 46% of total employment. The average yearly production value per ICT company was \$530k in 2023.

Collectively, Italian **Startups and SMEs contribute to 0.44% of Italy's GDP**, which stands at \$2.12T.

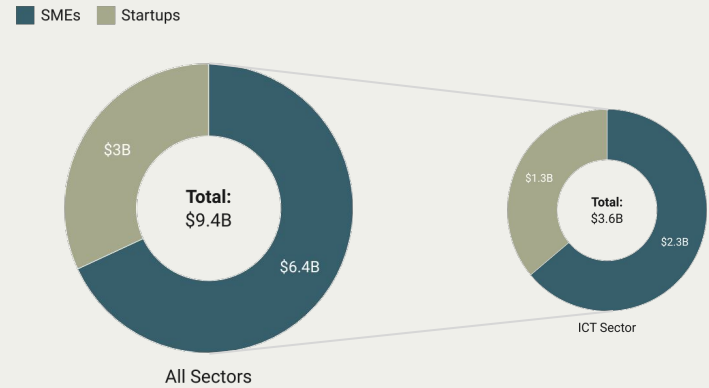
Number of Companies - Italian SMEs and Startups

2023 - companies founded from 2010 onwards



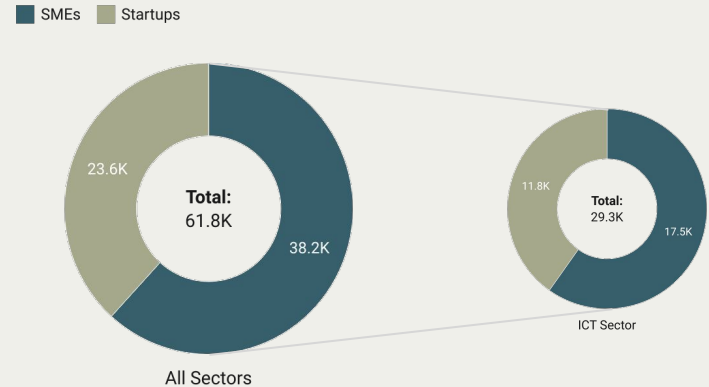
Production Value* - Italian SMEs and Startups

2023 - companies founded from 2010 onwards



Number of Employees - Italian SMEs and Startups

2023 - companies founded from 2010 onwards



*Value of goods and/or services produced
 **ATECO sectors included in the ICT Perimeter by ISTAT/EUROSTAT

Emphasis on sustainable technology, Energy and Climate Action lead

The SDGs VC investment trends in 2023 reflect a **global shift in focus towards sustainable and environmentally conscious technologies**. These trends are evident both globally and in Italy, showcasing the country's growing role in the space.

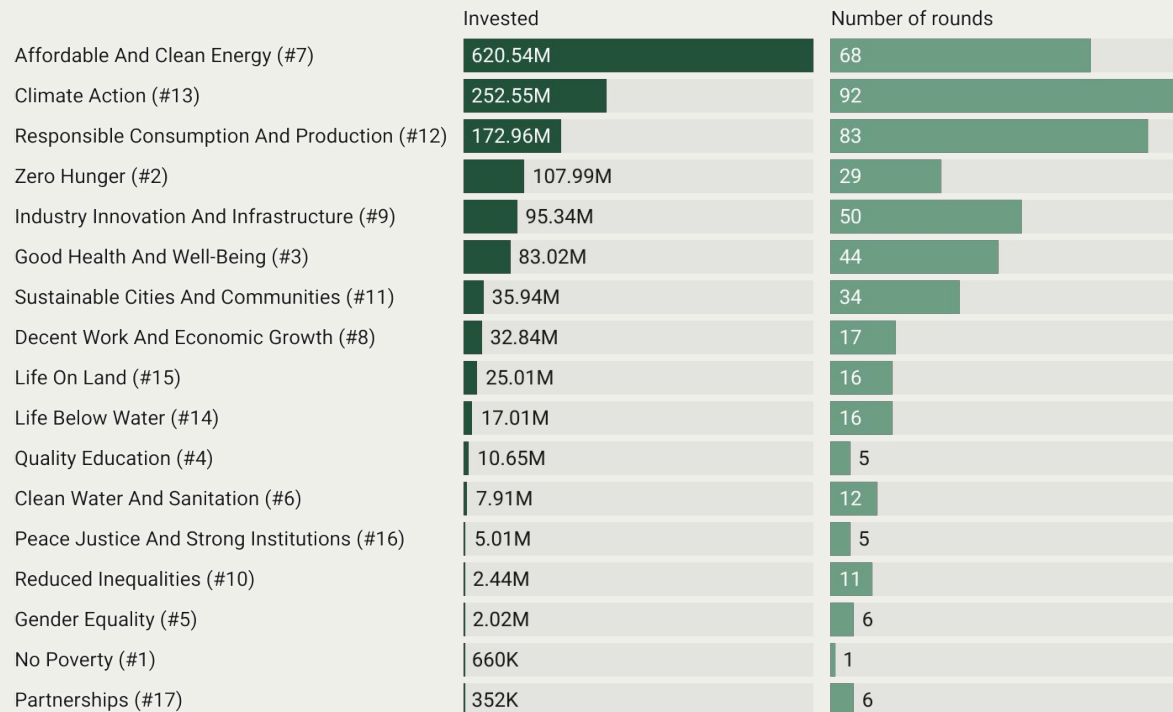
In 2023, investments in SDGs related startups totalled \$1.3B, growing 1.6x with respect to 2019 (\$813M), and hitting a record high in 2022 (\$2.7B).

In particular, the sectors **Affordable and Clean Energy** and **Climate Action**, together raised €873M, between 2019 and 2023, equivalent to 59% of total funding and 32% of total rounds.

This surge has been propelled by both market forces and new legislative measures, like the **Inflation Reduction Act** in US and the **Net Zero Industry Act** in EU.

VC Investments in Italian Startups by Sustainable Development Goals (SDGs)

Cumulated value 2019 - 2023



EU initiatives for gender diversity, with Italy signaling a push for broader inclusion

In Italy and across Europe, efforts to close the gender diversity gap in venture capital firms and startups are gaining momentum. Europe is enacting initiatives like the **EU's Strategy for Gender Equality 2020-2025** to bolster diversity with guidance and financial support for women in business.

In the **Italian venture capital landscape, 31.4% of the workforce comprises women, with only 14.3% in key roles** (European average is 15%). However, there's a **notable increase in the number of female investors at the mid (42.1%) and junior (45%) levels**, reflecting recent initiatives to promote gender balance and constituting the foundations for women being promoted at key roles in VCs in the medium to long term.

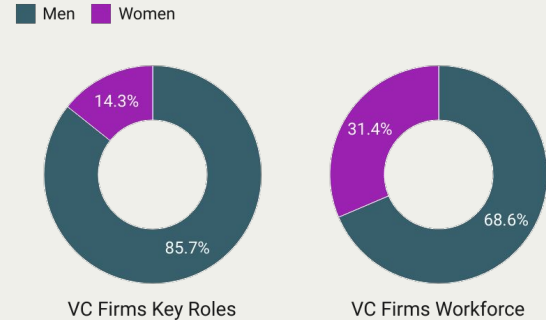
Concerning **leadership in Italian startups**, women, youth, and foreigners are not proportionately represented, with **women leading only 12.6%, youths 15.0%, and foreigners a mere 3.3% of Italian startups**. These figures underscore the need for greater diversity and international perspectives in the Italian startup ecosystem.

Incorporating women in investor roles can significantly impact the social and cultural dynamics of venture capital firms, influencing decision-making processes. Similarly, **promoting diversity by supporting female, young, and international entrepreneurs** across all sectors can invigorate Italy's startup ecosystem dynamism, competitiveness, and global relevance.

Italian VC Firms* Gender distribution

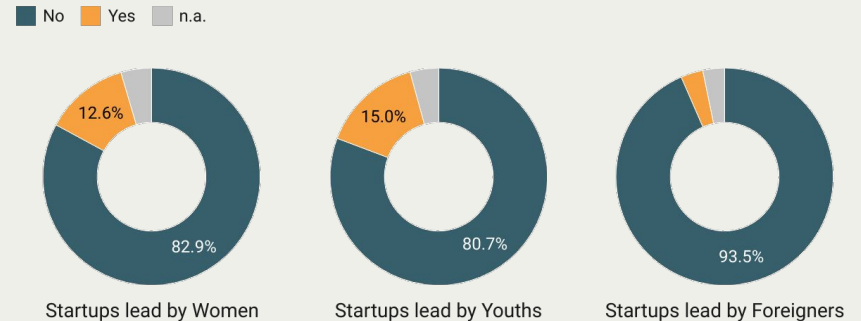
2023 - Percentage of Men and Women in Italian VC firms

Key Roles = Key person/Partner or Co-founder; Workforce = any role



Italian Startups Leadership distribution

2023 - Percentage of startups where women/youths/foreigners participation in ownership and governance is collectively majority. *Youth < 35 yrs old*



← 9. Regulation and Public Support

- Italy has taken steps to **create a favorable regulatory environment for venture capital and startups**. Some key regulations include the *Italian Startup Act*, *Smart&Start Italia*, *Innovative SMEs Regulation*, *Growth Decree*, *Italian Investment Fund Regulation*.
- **The Italian government**, through various agencies and initiatives, **provides support to the venture capital and startup ecosystem**. Among which CDP Venture Capital (Cassa Depositi e Prestiti), a state-owned financial institution that plays a crucial role in supporting economic development and innovation; and *The Italia Startup Visa* that offers visa and residency benefits to non-EU entrepreneurs.
- Yet **additional challenges still need to be addressed** and support is needed by the government. However, with an increasing number of success stories, these barriers are slowly eroding.
 - **Business Environment**: Italy ranked 58th in the World Bank's 2020 Ease of Doing Business ranking, highlighting issues like bureaucracy, conservative banking, and risk aversion impacting startup growth.
 - **LP investments**: attract venture capital from LPs like pension funds and endowments. Questions remain on how to effectively allocate increased funds.
 - **Brain Drain**: Italy faces talent loss as founders move abroad, necessitating strategies to retain and attract talent in key sectors.



“ **Cassa Forense is among the first Italian welfare funds that implemented an investment strategy beyond the usual asset classes, focusing on Italian VC**

We allocated about 12% of the portfolio in alternative instruments to support the real economy, a rising trend among pension and welfare funds in Italy

However, these strategies require specific skills for risk assessment and investment selection, and a constant commitment to monitoring and portfolio management



Enrico Cibati

Dirigente Ufficio Investimenti
at **Cassa Forense**

In recent years, **we have implemented our investment strategy by seeking opportunities beyond the usual asset classes, focusing particularly on Italian venture capital.** This approach, which incorporates alternative investments into our diversification, aims to stimulate innovation, research, development, and economic growth, contributing to the increase in employment.

Cassa Forense stands out among the first Italian welfare funds to **invest in alternative instruments, allocating about 12% of its portfolio to support the real economy**, half of which is invested in PE/PD and VC. Of this portion, approximately 50% is allocated to funds that invest in Italian companies.

This strategy reflects a **rising trend among pension and welfare funds in Italy, where 49% of them opted for alternative investments already in 2021**, compared to a European average of over two-thirds, gradually reducing the existing gap.

The European Union's **SFDR regulation**, promoting sustainable and responsible investments, **has further stimulated interest** in opportunities that support ESG goals, to which several PE and VC funds have aligned.

However, the adoption of these strategies **require specific skills for risk assessment and investment selection**, in addition to a constant commitment to monitoring and active portfolio management.

Italy is enhancing its VC ecosystem through regulatory reforms, tax incentives, and public support programs, but still faces challenges like bureaucratic hurdles and brain drain

REGULATORY FRAMEWORK

Italy has taken steps to create a favorable regulatory environment for VC and startups. Key regulations include:

1. **Italian Startup Act (2012)**: Simplifies bureaucracy and offers tax breaks for startups
2. **Smart&Start Italia Program (2013)**: Financial support for startups via grants and loans
3. **Innovative SMEs Regulation (2017)**: Provides tax incentives and support for SME innovation
4. **Growth Decree (2019)**: Stimulates economic growth with R&D incentives and venture capital support
5. **Italian Investment Fund Regulation**: Regulations aimed at promoting investment through VCs

VENTURE CAPITAL ASSOCIATIONS

Italy has **several VC associations and organizations** that work to promote and support the VC industry. These include **AIFI** (Italian Private Equity, Venture Capital, and Private Debt Association), representing the interests of VC and private equity firms in Italy, and **Italian Tech Alliance**, supporting the tech sector and VC for innovation

TAX INCENTIVES

Italy offers **tax incentives to encourage investments** in startups and innovative businesses, including tax credits for investors and reduced capital gains tax rates for startup exits

PUBLIC SUPPORT PROGRAMS

The Italian government provides support to the VC and startup ecosystem. Some notable programs include:

1. **CDP (Cassa Depositi e Prestiti)**: plays a crucial role in providing funding and support to startups and innovative businesses
2. **Italia Startup Visa program**: offers visa and residency benefits to non-EU entrepreneurs who wish to establish startups in the country
3. **Italian Trade Agency (ICE)**: promotes Italian startups internationally and supports access to global markets
4. **Invitalia**: offers financial incentives and support to startups
5. **European Structural and Investment Funds (ESIF)**: Italy benefits from EU funding under ESIF, which can be used to support innovation and entrepreneurship

CHALLENGES

Additional challenges still need to be addressed. However, with increasing success stories, barriers are slowly eroding:

1. **Business Environment**: Italy ranks 58th in the Ease of Doing Business index, facing challenges like bureaucratic hurdles, a conservative banking sector, and risk-aversion in business. Reforms are needed to streamline business processes, foster a startup-friendly financial ecosystem, and cultivate a culture that embraces innovation and risk
2. **LP Investments**: Italy should attract venture capital from LPs like pension funds and endowments. However, questions remain about the maturity to effectively allocate increased funds, such as VC firms' readiness, availability of quality startups, and capacity to use extra government support
3. **Brain Drain**: many entrepreneurs and experts are moving abroad, leading to intellectual capital loss. Strategies are needed to keep and drawback talent, such as better working conditions, incentives, and an enhanced business climate to retain or attract talent

Public Support - Domestic and European

EU Programs



Horizon Europe

Horizon Europe is the EU's key funding programme for research and innovation with a budget of **€95.5B** to European innovators between 2021 and 2027. It is the largest transnational research and innovation program in the world.



EIC Fund - European Innovation Council

The EIC Fund is the venture investment arm of the European Innovation Council (EIC). With a budget of **€10B**, it supports startups through patient capital to minimize the risk for private investors.



EIF - European Investment Fund

Leading player in the European Venture Capital market. Focus on the establishment of a sustainable Venture Capital Ecosystem in Europe supporting innovation and entrepreneurship.

Italian Programs

National Programs



CDP Venture Capital - Cassa Depositi e Prestiti

Owned primarily by the Italian government, the aim of CDP Venture Capital is to support the development and scaling of innovative startups, through direct and indirect investments, with a AUM of **€3,1B**.

Regional Programs

Regional programs complement national initiatives, providing incentives to businesses in the form of subsidized loans or grants, of guarantees aimed at facilitating the provision of bank financing, as well as of participatory loans, and the acquisition of corporate shares in order to support the development of businesses.



← 10. Outlook for 2024 and Beyond

Looking ahead to 2024 and beyond...

- The venture capital landscape will benefit from **existing dry powder** and the growing involvement of **global investors**, who will introduce a European mindset and expertise.
- The process of **adjusting valuations** will persist, leading to more **down rounds** and mergers and acquisitions.
- Italy must simplify its **regulatory environment**, foster **deal-making**, reduce **bureaucratic hurdles**, and retain its **talent**.



Italy will navigate opportunities and challenges, to strengthen its role in the European VC scene

Looking ahead to 2024 and beyond...

The venture capital landscape will benefit from existing **dry powder** and the growing involvement of **global investors**, who will introduce a European mindset and expertise.

The process of **adjusting valuations** will persist, leading to more down rounds and mergers and acquisitions.

Italy must **simplify its regulatory environment**, foster deal-making, reduce bureaucratic hurdles, and retain its talent.

INVESTMENT TRENDS

Dry Powder

Capital availability from Italian VCs predicts more investments. Growth in secondary markets

Global VCs Involvement

International VCs joining in at early stages bringing funds, expertise, and global networking

Investment Stages

Continued support to early-stage, more funding for Growth stages, increasing success rates

Sector Focus

Notable rise in SpaceTech sectors, sustained growth in Enterprise SW and Energy



VALUATIONS & EXITS

Valuations Recalibration

Focus on solid fundamentals and sustainable growth. Potential increase in down rounds

M&A and IPO Activities

Increase in M&A and potentially more IPOs, offering diversified exit pathways



REGULATION & PUBLIC SUPPORT

Source of Funding

LP base extension - e.g., pension funds, insurance companies, endowments, sovereign wealth funds

Public Initiatives

Tackle the brain drain, and promote talent retention and attraction

Outlook for 2024 and Beyond

A view from the contributors...

“

Throughout the next decade, we need to bridge the gap with leading European nations and gear up for the challenges of a maturing sector.

Venture Capital players, like us, should actively drive this change, adopting new business strategies while continuing to support the expansion of Italy's innovation landscape.



Andrea Di Camillo
P101

“

Looking ahead, we hope for a growing number of Italian asset managers interested in channeling part of private wealth into initiatives that stimulate innovation and sustainable economic growth.



Pietro Giuliani
Azimut

“

The expansion of established funds is a positive development, as it means more capital is available for later-stage ventures.

Simultaneously, the emergence of new fund managers could serve as a catalyst for seed-stage innovation. This trend suggests a more promising future for the Italian venture capital landscape.



Ivan Farneti
Five Seasons Ventures

“

Italy's VC sector is becoming a key driver of innovation across industries, mirroring the growth seen in other European countries.

Emerging trends and technologies, including Gen AI, GreenTech, and advancements in health, nutrition, and agriculture, present numerous prospects within the Italian VC landscape.



Nicola Iorio
Palladio Holding

“

Italy is actively adopting a comprehensive strategy that blends quality education, innovation, a cultural embrace of risk, and financial support.

This approach aims to unleash the full potential of the country as a hub for innovation, attracting substantial investments in VC.



Riccardo Monti
BCG

“

Looking at 2024 and beyond, the Italian tech landscape unveils substantial funding rounds and a pronounced uptick in exits.

A new cohort of leaders is anticipated to guide successful multi-hundred million-dollar exits through trade consolidators and PEs.



Alessandro Casartelli
GP Bullhound

Outlook for 2024 and Beyond

A view from the contributors...

“

Italy must keep broadening the innovation field, simplifying regulatory procedures and attracting global capital.

Immediate actions will enhance tech sectors, while longer-term plans seek to widen VC funding across diverse areas.



Giuseppe Donvito

P101

“

Italian venture capital landscape will pivot towards prioritizing efficiency and profitability, with a strategic emphasis on harnessing the potential of artificial intelligence to foster innovative, sustainable growth.



Claudio Erba

Docebo

“

The Italian VC market is poised for growth, focusing on global competitiveness and innovation.

The future lies in accelerating the pace of innovation, transitioning from local (.it) to global (.com) markets, and embracing new talents. This period will be characterized by significant opportunities in AI, digital transformation, and sustainable technologies.



Massimo Ciociola

Musixmatch

“

As exposure towards alternative investments grows, significant opportunities arise for Italian pension and welfare funds, to expand their impact on the economy.

Investments in VC and other alternative assets not only diversify portfolios but also support innovation and economic growth.



Enrico Cibati

Cassa Forense

“

The Italian VC and growth scene is poised for growth.

With approximately 60M people, 6M enterprises, and a GDP of about €2T, the potential for technology and innovation is too big for international investors to continue ignoring it.



Alexandre Berenga

PSG Equity

“

Looking to 2024 and beyond, we continue to be excited by the opportunity to evaluate and invest in innovative businesses with scaling demand and a global footprint.

Musixmatch represents an excellent example of a business with the characteristics that we expect investors to seek out over the coming years.



Jacqueline Hawwa

TPG

Outlook for 2024 and Beyond

A view from the contributors...

“

The commitment to ESG and gender diversity not only responds to an ethical imperative but becomes a crucial strategy for sustainable success in venture capital, demonstrating how the integration of these values can lead to a long-term positive impact.



Glenda Grazioli
P101

“

Earlybird seeks to add value to the Italian ecosystem through three of its focus areas: Enterprise Software, FinTech, and DeepTech.

We aim to be a source of knowledge in sharing those experiences with startups and investors, helping with European and US expansion, ultimately benefiting the entire ecosystem.



Ferdinand Dansard
Earlybird VC

“

Positive trend is the increasing collaboration between universities and startups with a surge in tech-driven ventures

To sustain growth and attract more investment, Italy needs to continue to foster strong ties between academia and entrepreneurship



Nico Valenti Gatto
Bocconi for innovation (B4i)

“

In the evolving Italian VC landscape, there is a notable shift towards prioritizing profitability and unit economics.

This change is a growing recognition of B2B SaaS as a sector, aligned with the pursuit of profitability, and characterized by scalable business models, recurring revenue, and efficient unit economics.



Nicolò Petrone
1000Farmacie

“

Innovation is Opyn's future challenge, adapting digital solutions to new business needs. Our growth reflects this via enhanced services and technology.

Fintech, leading with blockchain and AI, democratizes and evolves financial services, fostering broader digital economy participation, a trend likely to continue.



Ivan Pellegrini
Opyn

“

Italian universities are becoming startup catalyzers. This is a very promising trend.

It shows academic and student entrepreneurs that it is possible to start-up and attract investment at home, fueling a positive cycle of human capital retention and investment in deep technology.


















Elisa Alvarez-Garrido
University of South Carolina

Appendix



About our Contributors

 1000Farmacie	1000Farmacie	1000Farmacie is an online store offering pharmacy and health products. The online store offers products under categories wellbeing, food supplements, child care and other
 Azimut	Azimut	Azimut is an independent, global group in the asset management, wealth management, investment banking and fintech space, serving private and corporate clients.
 Bocconi for innovation	B4i	B4i is an initiative of Bocconi University that acts as a catalyst for startups in the Italian entrepreneurial ecosystem through Pre-Acceleration and Acceleration programs.
 BCG	BCG	BCG is a global consulting firm that partners with leaders in business and society to tackle their most important challenges
 Cassa Forense	Cassa Forense	Cassa Forense is a Social Security Institution where all registered Italian lawyers must be obligatorily insured through the Forensic Registers
 Docebo	Docebo	Docebo is a learning platform helping organizations around the world deliver personalized learning to customers, partners, and employees
 Earlybird VC	Earlybird VC	Earlybird is a Venture Capital investor focused on early stage European technology companies, with €2B assets under management.
 Five Seasons Ventures	Five Seasons Ventures	Five Seasons Ventures is the leading pan-European consumer brands focused Venture Capital fund specialising in food-tech investments
 GP Bullhound	GP Bullhound	GP Bullhound is a leading technology advisory and investment firm, providing transaction advice and capital to entrepreneurs and founders
 Musixmatch	Musixmatch	Musixmatch is a global leading music and audio data company, focuses on building the world's largest music metadata and lyrics database using latest AI & machine learning technology
 Opyn	Opyn	Opyn is the first fintech platform that makes access to business loans easy and quick for small and medium companies and simplifies the work of banks.
 Palladio Holding	PFH	PFH is an independent investment holding company with permanent capital that has been active in Italy for more than 40 years, with a focus in both private equity and renewables
 PSG Equity	PSG Equity	PSG is a growth equity firm that partners with technology-enabled service companies to help them navigate transformational growth and build strong teams.
 TPG	TPG	TPG is a leading global alternative asset manager with \$212B in assets under management
 University of SC	University of SC	The University of South Carolina is a US-based globally recognized, high-impact research university