

help-finance.com

finance hotline for small & medium enterprises (SMEs)

ITALY VC & IPO NEWSLETTER

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Companies, People & Organizations in the News

Companies

ACOTEL - AISOFTWARE - ALICE VENTURES- ALMAR-ALTA BERKELEY- ANDALA- ATLANET- BIOSEARCH- BLIXER- BRITISH TELECOM - CIR - CIRLABI - COLT - COMIT ASSET - CORSERA - CRF - CTO - CVC CAPITAL PARTNERS - DADA DATA SERVICE - DE BENEDETTI GROUP - E-PLANET - EDISON - EUPHON - EUROPAWEB - FALCK - FIAT - FILA- GEMINA GOLDENEGG- HDP - HITECHNEWS- IFIL - INFOSTRADA - INTERNATIONAL BUSINESS FORUM- IPSE- JALLATTE- JCE- LOMBARDIACOM - LVMH - MB VENTURE CAPITAL MEDIOBANCA - MORGAN STANLEY - NANOWORLD - NEXTRA - OHMYGOODNESS - OMNITEL - ONBANCA - PANORAMA-POLIGRAFICA S.F. - PRIMA INDUSTRIE - SBP - SCONTI.IT - SEFIM - SONERA - STANDARDS & POOR - TC SISTEMA - TELECOM ITALIA- TELEFONICA- TELEXIS-TIM- TISCALI - TXT E-SOLUTIONS - VALENTINO- VITAMINIC-VODAPHONE - WIND -WORLD ON LINE- XERA

People

ARNAULT - CARDINALE SALVATORE COLANINNO ROBERTO - GONZALES JOHN - LECALDANO EDOARDO - PELLICCIOLI LORENZO - PIOL ELSERINO - POMPEO TOMMASO

Organizations-Institutions

BANK OF ITALY - BOCCONI UNIVERSITY - POLYTECNIC OF MILANO - TLC ANTITRUST AUTHORITY

ONGOING DEALS

(Below is a selection of open deals; the full listing can be found at URL <http://www.help-finance.com>)

ABSTRACTS

(0120) HFH (Russian Technology Incubator & Search Engine – ITA - 2° Round)(New)

HFH is a J-V between two technology advisory companies whose mission is to mine technology gems from Russian scientific institutions and provoke their further industrial and commercial development by providing incubation services and venture capital access to start-ups created for such purpose. To facilitate the sieving of valuable technology, HFH, in collaboration with premiere scientific institutions in Russia, will develop a search engine dedicated to Russian technology. HFH will generate short term revenues from technology scouting fees and finder's fees on assignments from Western companies relating to recruiting, contract research and technology advisory services. Medium-long term revenues and capital gain will be generated through venture capital activities on behalf of incubated start-ups. HFH is seeking to raise \$ 1 million to fund development of the Russian technology search engine. (Exec. Summary available upon specific request)

(0118) AIM (Internet ASP, B2B Software-Russia & USA - 2° Round)

AIM is a B2B ASP. Its platform enables corporate structures, field staff and corporate clients to access company servers in real time and to communicate with each other for decision-making processes and interaction. Platform is based on infrastructure software called BizTalk, made available by its partner Microsoft Russia. New approach utilizing an XML-based set of tools make heterogeneous third-party applications talk to each other. The product is tested in several Russian-based international operators and is ready for sale outside of Russia in oil sector first and then to metallurgy industry and government bodies. The company aims to raise \$ 1.5 million. LEAD INVESTOR: Arrava Internet Management, a California-based firm specializing in investments in Russian Internet companies. (Exec. Summary downloadable from www.help-finance.com)

(0117) EIA (Internet Portal, Arts & Entertainment – USA - 2° Round)

EIA's mission: become a state of the art network for Arts, Culture and Entertainment capable of reaching a customer base of over 50 million people per day with 30,000 physical points of presence in over 2,000 locations worldwide and thousands of digital content feeds, seamlessly converging digital video and audio delivery worldwide (motion picture films, music, live broadcast, television, radio, distance learning with all types of Internet services and e-commerce, etc.). The technology: a) high-level compression technology with data maximization over any network and bandwidth; b) genetic algorithms allowing perfect translation from any language into any language; c) search engine allowing to search entire web without indexing; d) 3D internet platform that turns live broadcast and sports events into 3D display. The Company seeks to raise \$ 10 million in a second round financing. (Exec. Summary downloadable from www.help-finance.com)

(0116) DHP (TV, Animation, Multimedia - U.S.A.- Start-up funding)

Company, set up by the son of a legendary Disney animator (Snow White, Bambi, etc.), owns 19 short successful animated films (asset value \$ 4 million) created in the late 40s. Nine of these films are in worldwide distribution on TV & Home Video. DHP seeks to raise \$20,000,000 (in one or more rounds) to fund production of 2 series of half-hour TV films based on characters from ongoing TV series. Each of 2 series will consist of 13 new and original films for TV & Home Video. In addition, an agreement with a storywriter has enabled development of Consumer products such as children's books, toys, cards, etc. Christmas Television Special and TV Film series are in planning. DHP seeks, preferably, Joint Venture Partners or private founders (Exec. Summary downloadable from www.help-finance.com)

0112) ODT (Internet & Health-ITA- Start-up Funding)

Start-up Internet in start-up financing phase. Mission: B2B in a specific sector of Health. Business Model: aggregation of demand coming from associated medical clinics and management of offer from accredited suppliers. Aggregation and management of demand/offer covers the whole product/service supply chain, from the clinic's patients agenda up to the delivery of product/service on the patient. Model projects a significant reduction of costs to associated clinics and guaranteed purchase volumes to suppliers. Heart of the model is proprietary supply chain software. The Business Plan projects the application of the model to similar Health sectors in two years. Break-even projected at year 2. Promoters: entrepreneurs with experience in launching and managing high-tech start-ups. (Exec. Summary available upon specific request)

ITALIAN ECONOMY & FINANCE NEWS DIGEST

VENTURE CAPITAL

- **CVC Capital Partners**, acquired control of the **Almar Group**, a company specializing in protective shoes. Almar complements CVC's MBO of **Jallatte**. Together the two companies will form a group with revenues of about €90 million.
- **Cirlab!**, the incubator of **CIR**, a de **Benedetti Group** company, acquired an undisclosed stake in www.ohmygoodness.com, a very popular Internet card site, with the intention to localize its activities in Europe.

NUOVO MERCATO

- IPO of the week: None (but get ready to flush money down the IPO drain in October!)
- IPO of the month (full IPO pipeline schedule – request it via email)
 - **Data Service**, an Internet access & online banking services company, will IPO on the Nuovo Mercato by September end. The company, a leader in online services to the banking community, reported record revenues (+29%) at 33 £ billion and net results (+ £ 0.5 billion vs. - £1.6 billion of '99) in its half-year report.
 - **Blixer**, a IP-protocol-based telecom provider offering integrated voice, data, video and ISP services for business and ISPs had deliberated to IPO on the Nuovo Mercato.
- Veterans
 - The week passed-away recorded renewed madness, amidst market jitters due do Nasdaq pains, on the Nuovo Mercato, driving stocks up by double digit numbers on what we would define tactical announcements from the companies involved. All. **Beware**: the companies are shameless: it is the market madness and the results of the limited choice (27 companies!) of stocks that fuels roller-coaster rides on the Nuovo Mercato.
 - **Tiscali**, the main character in this week's NM and media play with its much debated and announced acquisition of lame-duck Dutch ISP **World-on-Line**, was cold-shouldered by the market, which is now starting to ask "where is the beef"! Tiscali, which has a market cap of nearly €8 billion and is expected to continue losing in the near term, will be faced, in the incoming months, with the task of reassuring investors that it has a sound business model to justify its stratospheric P/E ratio. Renato Soru, Tiscali's new age flag-bearer CEO, who will own about 1/3 of the merged entity, is adamant in saying that national dimension is no longer sufficient, and he is very likely right, having to compete with the sumo players like AOL. He is also very optimistic in his views on how easy will be the integration of World on Line, which he acquired in a classic paper-to-paper deal at a €20 per share, and of the tremendous cost saving opportunities that the merger offers. Usual blurry talk on the eve of an acquisition. What will really count will be the impact on the bottom line and we suspect that Dottor Soru will have a fair amount of dough massaging to do to earn his bread. But he is not shy of making headline announcements, blending in visions of eagles and conquests, very reminiscent of old time long gone (Caesar and the Roman empire!) Let's hope that his Sardinian troops will follow him to Milano, where he is establishing the headquarters of the merged entity. On the positive side, it is easy to recognize what a good deal maker is Soru and how he is spreading his risks, hedging the ISP business with **Andala**, the company bidding for a license to what is likely to become the business of the century, UMTS or the mobile Internet. Tiscali closed the week, despite all the fireworks, practically unchanged.
 - **The double gainers**: double digit gains by **AISOFTWARE** (+ 23%), **TXT E-SOLUTIONS**, **CTO**, **PRIMA INDUSTRIE**, on the tail of previous week performances and additional announcements, most notably for **TXT e-solutions** whose coverage has been initiated by **Morgan Stanley** with a 1-yr target price of € 150. In the past two weeks TXT has basically doubled up on its share price.
 - **The single gainers**: most notably, **BIOSEARCH**, **POLIGRAF. S. F.**, **EUPHON**, which shored up their share price with interesting gains on minor announcements, such as Euphon's acquisition of **SBP**, a production and post-production company active in both Italy and Spain.
 - **The losers**: most notably **ACOTEL**, which, despite its reporting of record +154% in revenues (€ 3,7 million, vs. € 1.5 million in 1999) lost nearly 10% on the ground on profit-taking.
 - Other NM companies in the news:
 - **ONBANCA** announced a partnership with Siemens to mobile banking on the different platforms – Onbanca continues to under-perform vs. IPO price.

- **Hyperactivism by DADA**, which this past announced a series of acquisitions and announcements: aimed at strengthening different parts of its business platform, like the acquisition of **Sconti.it**, a site offering advice on comparison shopping, or the announcement of an agreement with Bit.it an Italian auction site
- Stock position movements announced for **Onbanca** (**Sefim** acquired 3.2%) , **Euphon** (**Comit Assets** reduced its holding below 2%) and **TC Sistema** which announced that, as result of exercise of the greenshoe , the float is now at 25%.

NUOVO MERCATO STOCK	MILANO bold=NEW	Ticker	Last Sep. 8	Δ vs. prev. wk	IPO Date	IPO Price	Δ vs. IPO
MIB-30 INDEX	Milano Blue-Chips	MIB30	48,019	-0.62%			
AISOFTWARE	internet & intranet sol.s	AISW.MI	31.83	23.47%	aug	22.25	43.1%
TXT E-SOLUTIONS	SC & CRM solutions	TXT.MI	125.97	19.85%	july	74.5	69.1%
CTO	videogames	CTO.MI	32.81	17.18%	aug	23.5	39.6%
PRIMA INDUSTRIE	Engineering	PRI.MI	114.96	15.83%	1999	45	155.5%
BIOSEARCH	Biotech, Antibiotics	BIO.MI	72.03	7.86%	aug	50.25	43.3%
POLIGRAF. S. F	Publisher	PSF.MI	111.53	7.84%	1999	71	57.1%
EUPHON	Multimedia & TV	EUP.MI	67.81	7.74%	july	58	16.9%
TC SISTEMA	digital technology	TCS.MI	53.84	4.50%	aug	39.75	35.4%
DADA	ISP	DA.MI	37.97	3.91%	june	33	15.1%
I.NET	NASP	INE.MI	337.91	3.50%	april	176	92.0%
ePLANET	ISP & multimedia comm.	PLA.MI	80.51	3.19%	aug	80.25	0.3%
ONBANCA	Online Banking	ONB.MI	171.62	2.94%	july	195	-12.0%
MONDO TV	TV cartoons producer	MTV.MI	87.48	2.08%	july	64	36.7%
ART'E'	Web art gallery	ART.MI	45.71	1.38%	may	45	1.6%
CDC	ISP, tlc & soft distr.	CDC.MI	38.78	1.31%	july	30	29.3%
TAS	Trading online Soft.	TAS.MI	110.89	0.53%	may	35	216.8%
INFERENTIA	e-biz consulting	INF.MI	73.51	0.44%	aug	57.5	27.8%
TISCALI	IP, ISP, Tlc Carrier	TIS.MI	46.86	-0.62%	1999	16	192.9%
CDB WEB TECH**	Holding Web Invest.	CDB.MI	13.11	-0.98%	mar	39	-66.4%
GANDALF	Regional airline	GAN.MI	98.23	-1.32%	april	165	-40.5%
FREEDOMLAND-ITN	Intenet TV	FDL.MI	49.44	-1.65%	jan	90	-45.1%
CHL	web hard/soft retailer	CHL.MI	51.12	-2.67%	june	55	-7.1%
E.BISCOM	Tlc, fiber optics	EBI.MI	179.20	-2.83%	mar	160	12.0%
TECNODIFFUSIONE*	Biz syst. Integrator	TDI.MI*	51.32	-3.88%	1999	60	-14.5%
OPENGATE	Biz syst. Integrator	OPG.MI	54.17	-3.89%	1999	30	80.6%
CAIRO COMM.	Web comm	CAI.MI	83.48	-4.05%	july	65	28.4%
ACOTEL	App. Service Provider	ACO.MI	135.25	-9.47%	aug	54	150.5%
Nuovo Mercato Index				3.42%			42.91%

* adjusted for stocksplit 1: 3 - adjusted for stock split 1:2

TELECOMMUNICATIONS (TLC)

UMTS SPECIAL

- **Hangover headaches:** With back-office furiously working to get everything ready for the mother of all auctions, the focus of corporate and media attention shifted from the huge potential that the technology offers to its huge costs and risks, in a subdued ploy aimed at trying to soften the governments stand on license prices, at least for future reference. **Wind's** CEO **Tommaso Pompei** took the lead in declaring that the auction mechanism was not an optimal one and that the base price was too high. **Elserino Piol**, - the deacon of Internet investing in Italy and one of the early investor in a number of telcom start-ups, including **Tiscali** - declared that valuable Italian companies were forced out of the race or in foreigner's hands (like **Tiscali's Andala**) by the high price of the license. The hidden truth is that there is no certainty UMTS will turn to be the gold mine that will make everybody rich. This fear is surfacing

also in the minds of bidders, particularly following the downgrades handed down by S & P (**British Telecom**, the last victim). Having dipped the finger in the sugar can, now it is time to shift some of the blame on the politicians.

- **IPSE**, the consortium controlled by Spain's **Telefonica** and Sweden's **Sonera**, finalized its shareholder base with significant presence by **Banca di Roma** and **Atlant** (another consortium controlled by Telefonica and **FIAT-IFIL**), **Xera**, **Goldenegg**, **Falck** and **Edison**, and a hoard of minor municipal and industrial shareholders.
- **End of episode – Stay tuned.**
- **COLANINNO & PELLICCIOLI (TELECOM ITALIA/SEAT): THE GOLDEN DEALMAKERS**
(*The activism of both, is hard to keep track of. We feel compelled to follow their deals in a section by itself.*)
 - **Telecom Italia (TI) – No news! Wow!**
 - **SEAT** has reached an agreement to takeover 65% of editorial company **JCE**, leader in Italy in specialized ICT magazines.
 - No other relevant news on the golden duo –! **Stay tuned.**
- **OTHER TLC NEWS**
 - **Infostrada** : Wind is offering **Vodafone** between 10 –20% of its stock in exchange for Infostrada. The deal, which would create conflict of interest on the UMTS front, was flunked by Salvatore Cardinale, the TLC Minister in Italy. Vodafone is more interested in hard cash, and the Minister's position helps.
 - **TLC Antitrust Authority** handed down the pro-rata repartition of the universal service costs (for poor or unattractive areas), with Telecom+Tim sharing nearly 80% of those costs.
 - **Colt**, a UK telecom carrier, completed a 20km broad-band cabling of Rome, following Milano and Torino.
 - **Telecom Italia** announced the signing of a protocol with **E-Planet**, a IP telecom start-up, **Lombardiacom**, a regional telecom, and **Telexis** (a **Fiat** telecom company) to launch testing for the "unbundling of the local loop", i.e. the opening of the last mile segment to the home to competition.
 - **Omnitel**, a wireless carrier and **Vitaminic**, an Internet Music company, signed a deal to bring **music-on-WAP**
 - **Nextra**, a B2B Communication provider has received a national telecom license from the TLC Antitrust Authority.

INTERNET

- **HdP**, a holding company controlled by **Fiat**, **Mediobanca** and **Gemina**, owning substantial interests in media (**Panorama**, **Corriere della Sera**) and fashion (**Valentino**, **Fila**), is landing on the web with a business model similar to what **LVMH's Arnault** has done with **Europ@web**. Short term objective is to hoard cash on the Nuovo Mercato to finance the effort.
- **Online mortgages** announced by a group of 9 banks at [http:// www.mutuionline.it](http://www.mutuionline.it)

OTHER HIGH-TECH

NANOTECHNOLOGY

- **CRF** (FIAT Research) and **NanoWorld PC** signed an agreement to set up a laboratory for the molecular assembly of new materials active in the optical and photonic fields. Nanoworld owns an exclusive process to manufacture mono or multi-layer films for different purposes.

PROFILE OF THE WEEK

ALICE VENTURES

Alice Ventures is an offspring of the most powerful merchant bank in Italy, Mediobanca, whose VC fund, **MB Venture Capital**, it advises. Its birth was favored by a MB Venture Capital Project sponsored by were **Mediobanca** itself, **Bocconi University**, **Polytechnic of Milan** and **Alta Berkeley Associates**.

Alice Venture is headed by **Edoardo Lecaldano**, an ex top-executive of **Mediobanca** and formerly with the **Bank of Italy**, and **John Gonzales**, a UK physician with pharma and drug delivery experience formerly with **SmithKline Beecham** and **PowerJect**.

MB Venture Capital Fund I is a €150 million closed-end fund with €100m contributed by investors, €40m by the European Investment Bank €10m by local institutions. Investors are a mix of financial (**Generali**, **Banca di Roma**, **Mediobanca**, **Sai**) industrial (**Fiat**, **Informatica**, **Montedison**, **Officine Meccaniche G.Cerutti**, **Pirelli**) pharmaceutical (**Angelini**, **Bracco**, **Dompé**) media (**Rizzoli**) and branded goods (**Candy**, **Ferrero**, **Marazzi**) Italian companies.

MB Venture capital invests primarily in **ITC**, **TLC media**, and **Life Science** European start-ups with Lecaldano looking after the first three and Gonzales handling primarily life science deals.

ITC. TLC Media area includes:

- information and communication technologies, tools, media and interactive media
- internet content and services, e-trade and inter/intranet facilities
- software, with special reference to databases and data mining tools, applications, image processing and 3D,
- connectivity software and software for the internet
- wireless communication, multimedia networking and tools, media and interactive media

Biotechnology area includes:

- biotechnology for human health care diagnostics and treatment
- medical devices and software
- traditional pharmaceuticals
- animal health care and agriculture.

Its investment activities are complemented by efforts to stimulate deal flow, business culture and venture capital awareness, through a no-profit association, **WONDERLAND**, launched with MB Venture Capital and **Technostart**, a company set up by **Mediobanca**, **Bocconi University** and **Polytechnic of Milan** to promote high-tech investing in Italy.

Investments reported to date include:

- **MD-Co** (Antwerp): hardware and software for mobile data communication.
- **NYTV** (Oslo, Norway): metropolitan TV channel covering the Oslo area simulcast on cable and satellite.
- **CeNeS** (Cambridge, UK): diagnosis and treatment of diseases of the central nervous system.
- **AdProTech** (Royston, UK): thrombolytic drugs for the treatment of heart disease.

For more information on Alice Ventures visit their web site at URL:

www.aliceventures.it

INTERNET JOBS

From the Editor: We have decided to add this section due to the increasing number of inquiries we receive both from companies looking for talented Internet experts for their Italian operations, and career movers. A full listing of job opportunities and job requests is shown, respectively on our website at URLs:

<http://www.help-finance.com/res/e-joboffer.html>

<http://www.help-finance.com/res/e-jobseek.html>

Hot jobs in Italy

- US based Internet Company with presence in over 14 countries, including Italy. If you think you are qualified, please go to our web site, register and follow instructions for submitting your resume. Only top talent need apply. All other inquiries will be ignored.
 - (OF0016)- Head of Biz Development- **New!**
 - (OF0017) - Head of Technology - **New!**
 - (OF0018) - Head of Strategy - **New**

Cool Jobs

- IT infrastructure jobs & consultancies : listing on web site at www.help-finance.com

Service Jobs

- Call center & Telemarketing : listing on web site at www.help-finance.com
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CONFERENCES & SYMPOSIUMS

Help-Finance.com is establishing strategic partnerships with conference companies with the aim to offer its subscribers **significant discounts** off conference fees and, in the near future, travel costs. If you are interested in any of these conferences, please email us at hclub@help-finance.com (you only need to write **CONFERENCE** in the subject of the email to receive a list of conferences and attendance conditions).

UPCOMING CONFERENCES



- **International Business Forum** is a **US** based company specializing in B-2-B finance conferences (corporate finance, venture capital, private equity, M&A and expansion capital for the high tech sector, among others).

Scheduled IBF conferences:

(15% off the conference fee to help-finance.com subscribers)

- [The new breed of Incubators](#)-Sep.14 - Columbia Univ., NYC
- [Corporate Venturing](#) - Hyatt -Sep. 18/20 - Monterey, CA
- [Private Equity Investing](#) - Sep. 26/28 - Westin - Boston, MA
- [Early Stage Investing](#) - Oct. 23/25 - Renaissance H. - S. Francisco, CA

HiTechNews

- **HiTechNews** is a **RUSSIA** based company specializing in Russian high-tech conferences (Internet, ITC, TLC etc.)

Scheduled HTN conferences

(15% off the conference fee to help-finance.com subscribers)

- [StartVenture](#) - Investing in Russian Technology and Internet - November 30 - Holiday Inn Moscow Vinogradovo
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RESOURCES

Do you need information on any of the topics of this Newsletter? Write to us at: hclub@help-finance.com