

## Luigi Amati of META

**Speaker1:** [00:00:04] This is the Investor Connect podcast program. I'm Hall Martin. I'm the host of the show in which we interview Angel Investors, venture capital, family offices, private equity, and many other investors for early stage and growth companies. I hope you enjoy this episode. Investor Connect is a 501 C three nonprofit dedicated to the education of investors and startups for fund raising. Please consider donating \$100 to the program to help others in their investor and entrepreneur journey. You can find the donate button on the Investor Connect org website.

**Speaker2:** [00:00:44] Hello, this is Hall Martin with Investor Connect. Today we're here with Luigi Amati, Chairman at Meta. Meta is an international advisory and investment firm dedicated to the creation and scale up of knowledge based companies. Luigi, thank you for joining us.

**Speaker3:** [00:00:58] Thank you very much, Martine, and thanks for having me with you tonight.

**Speaker2:** [00:01:02] Great. Where are you calling from today?

**Speaker3:** [00:01:05] I'm calling from Nani in Umbria in Italy. It's called the green heart of Italy. So we are located between Florence and Rome. I'm actually in the countryside right now here.

**Speaker2:** [00:01:16] That's a wonderful place that do quite a bit with pork there for the recipes I hear.

**Speaker3:** [00:01:21] Yeah. Yeah, yeah. Very nice.

**Speaker2:** [00:01:24] Hey, so tell us more about your background. What did you do before you started investing in early stage companies?

**Speaker3:** [00:01:30] Well, I started off as a computational mechanic, engineers developing some software. I was working with a spinoff of Imperial College, the London University Structural Analysis System, and I did some research there. And then I joined a research institution in Italy. And then I started my own company on the assumption that innovation

and technology transfer was far behind what I learned in the U.K. and there was a greenfield for me working in this field.

**Speaker2:** [00:02:03] Great. So what excites you right now?

**Speaker3:** [00:02:07] Well, I like I keep liking research and innovation. I like some of particular sectors like health and environment, and I like all the enabling technologies that are related to it, like computing and materials. I'm still very much both an entrepreneur but also an engineer in my mind. I like to design things, I like to calculate risk, and I'm excited to work in the research and innovation environment. It's been growing since I started more and more, particularly in Italy and in Southern Europe and I would say in the whole of Europe. So it's been a good ride.

**Speaker2:** [00:02:44] Right? So what's your advice for people investing in startups? What do you tell them to do before they write that check?

**Speaker3:** [00:02:50] Well, I like to be close to the research and technology organizations. I think that if you want to ensure the best deal flow, the best quality of knowledge intensive startups, you have to be close. You have to cultivate these relationships. I think you have to be close to the best angel groups. It seems like an obvious thing, but I've learned this through the years. I started investing myself and then I co-founded an Angel Group and I learned that. That's also a very good advice if you want to invest in the best startups. And also, I think another piece of advice would be always look at what are the long term trends. Our business is investing very, very early and it will always take a very long time before results are coming out. And if you look at what are the trends, this is probably a good way to mitigate your risk.

**Speaker2:** [00:03:42] And those who are running startups, what do you tell them to do before they go out to raise funding?

**Speaker3:** [00:03:47] Well, first thing is, do your homework diligently. You know, a lot of people start shooting emails and business plans and pitches everywhere. And I think that's the worst thing you can do because you end up in a lot of confusion yourself. So look at the track record of investors, of the angel groups, look at what they're really interested in investing in, at which stage, you know, most of the successful angel groups and in early stage funds will publish this on

their on their website. So do some good homework. If you are a technology based startup, look at technology transfer funds. You know, they are emerging, they're growing stronger. And I think they offer good condition. Look at available grants. I'm not so sure how much in the US, but definitely in Europe you have a lot of available grants and prepare your intellectual capital. Well, both in terms of the people and the team you're having and also the IP and the legals that you have built around it.

**Speaker2:** [00:04:47] Well, let's talk more about the state of investing. How do you see the industry evolving from here?

**Speaker3:** [00:04:52] Well, in Europe, angel groups are definitely growing. Angel investing is growing. There is still a lot of room. We advocate that angel investing can be maybe ten and even 100 times bigger when it will be more known. And when you retire, managers and entrepreneurs will be more willing to give back and to take a ride of angel investing. But as a trend, I can see also some level of consolidation in angel groups. Are still I mean if you take Western Europe but they are consolidating. I mean they're getting bigger more if you like capable of following up also their first round of investment. Whereas Eastern Europe is the mushrooming phase. So they're growing very big. And also, as I was mentioning before, I see that the industry is also evolving with all kinds of technology transfer funds. Proof of concept fund and, you know, different business models in venture capital, which are trying to go as early as they can in investing not only into startups, but even in proof of concepts and research teams.

**Speaker2:** [00:05:55] And so what do you think is the biggest change you'll see in the coming years?

**Speaker3:** [00:06:00] I guess that in the coming years, I mean, I cannot generalize. I think Europe is a very varied market. When I refer more to Italy and to Southern Europe in general in the coming years, I see that the mushrooming will consolidate. I think this is the the main trend and I see that the challenge is still to show that angel investing in early stage VC is a real asset class in which you can invest with a certain well calculated risk and rate of return for the time being. I still see that there is a buzz, there is an interest, but I think the industry has still to

demonstrate itself. Particularly towards larger institutional investors like pension funds and and the large institutional investors in general. So I think this will be the big challenge for the future.

**Speaker2:** [00:06:56] So let's talk about your investment thesis. What exactly is it and what's your criteria for making an investment?

**Speaker3:** [00:07:03] Well, I mean, for me, the long term trends, as I was mentioning before, it's a very important element of my investment thesis. When I look at health, I look at aging, I look at personalized medicine, I look at digital health. And when I look at environment or circular, if you like, I look at what are the long term trends in this in this sector. So that's my my main my main investment thesis. I look for businesses or, let's say, research results, if it's very, very early, that are matching these long term trends next to, of course, the great quality they have. And also, I look at what are the enabling technologies for these long term trends like, you know, quantum computing, advanced materials. These are also enabling factors which will allow these long term trends to to materialize. And and so I'm quite careful in looking at the content of the business must have some of these enabling technologies built in for me to invest. The other thing is the more obvious thing, which is always, of course, I also look at my, you know, the teams I'm investing in, if I can pick one element because everybody says team, team, team, I would say that I look at the main motivation behind the leading figure in the team for creating this company. That's a reason to invest. It has to be a very clear and very strong and very resilient, I think motivation behind.

**Speaker2:** [00:08:39] Specific startups, you can call out that fit your thesis.

**Speaker3:** [00:08:43] Yeah. I mean, the starters that fit my thesis are, as I mentioned, I think it's mostly I like to invest medtech and even biotech, especially orphan drugs and those that don't require too many, many, many years and and then so much money. I like also that and I like circular economy.

**Speaker2:** [00:09:03] Great. Well, some of the challenges in the startup space. What do you find is the main challenge that startups are dealing with in your area?

**Speaker3:** [00:09:13] Well, there is a systemic challenge in Europe, which is the fragmentation of the continent. It looks like European Union, but is de facto is 27 countries. I was today we were in a meeting of a medtech startup and we actually have a US chairman guy and he was saying how different Germany was from France was from the UK, was from we're trying to expand out of Italy. And he was saying, yeah, but I cannot understand why, you know, all these different rules and so on. So I believe this is a systemic challenge we have in Europe and we are working very hard. I'm also the chairman of Business Angels Europe, which is the association promoting angel investing. And our main policy goal is actually to lower the barriers and provide like a homogeneous space for European startups to scale up within Europe. So I think that's the systemic challenge for the startups. And then I think when you look more at the specifics, I think that they need to select the best investors. As I was trying to say before, you know, it's not just about the money. It's much more also about what they are adding to your startup other than putting some money in. And to be clear in your mind, what are the different steps you need to take to create value? Because this will be a long journey, will not just be one shot, it will take multiple steps. And you have to be clear whether these steps, they will always change because, you know, life will never be as straight as your business plan, but you have to have a clear mind. What are the steps in front of you to create value?

**Speaker2:** [00:10:44] What are the challenges in this space for the investor? What do you see them struggle with in Europe?

**Speaker3:** [00:10:49] I think investors in general are swamped with projects. I think as soon as you become decently visible or known, I mean, that's a big challenge. So I mean be early and close to the best projects and how to build a network that allows you to be early and close to the best projects sometimes that are not even companies, because now the competition is really at the level of technology readiness, level of three or four people are just starting some kind of a potential company one day and you have to be already close to that if you really want to capture most of the value. And then the other thing is that you have to be very patient. I mean, you can differentiate your portfolio, of course, have some deals which are more like proof of concept, other that are more like later stage, so that your money will cycle more frequently. But you have to be patient.

**Speaker2:** [00:11:43] Right? Well, you see a lot of different sectors and applications out there. If you had to pick one or two that are really good, immediate opportunities for investors to pursue, what would you call out?

**Speaker3:** [00:11:54] Well, I like in the in the medtech space, I like what it is built around the value chain of vaccines. There is a lot from the initial research on the vaccine themselves, of course, which is the most obvious. But the production chain is very long and requires a lot of technologies in between, and there is a lot of value that can be created there. And also, I think the personalized medicine value chain is getting more and more interesting and more and more important. It's still a little bit of a promise, still not fulfilled. I think it's promise, but I think there is a lot of value in the future there.

**Speaker2:** [00:12:33] Great. Well, in the last few minutes that we have here today, what else should we cover that we haven't?

**Speaker3:** [00:12:38] Well, I would like to see more collaboration between the two sides of the Atlantic when it comes to very early stage investing. As I mentioned, I'm very, very involved in international early stage angel investing within Europe. But we are also starting to build some cross-border links across Atlantic links. Should I say with business engines, Europe Club, which is a network of the most prominent angel groups in in Europe, we are starting to build some links. We got Angels, Quebec as one of our members in Canada, but one of the largest networks, we started to talk with the Angel Syndicate Network led by Tech Cost Angels in California. And I see that the world is becoming. Well, some people may think contrary, but I think that it's becoming smaller and smaller. And I think that we have to build this cross investment opportunity also at a very, very early stage in order to provide the best entrepreneurs with the best money, the best expertise, the best commercial access. And I look forward to have more of this between the US and Europe.

**Speaker2:** [00:13:45] Great. So how best for listeners to get back in touch with you?

**Speaker3:** [00:13:49] Well, I mean, the easy one is my email. It's Luis Giacometti at Business Angels YouTube.com. I can spell it. Luigi Dot a m a t. I think that's the best way to reach out for

me or my LinkedIn profile. I think it's relatively easy to find. I'm not so quick in responding it to LinkedIn messages because you get a lot of them, but it's also a nice way to be in touch.

**Speaker2:** [00:14:16] Great. We appreciate you joining us today. We'll include that in the show, notes, your contact details and we hope to have you back for a follow up soon.

**Speaker3:** [00:14:24] Thank you very much, Martin. And again, thanks for inviting me and all the best.

**Speaker1:** [00:14:30] Investor Connect helps investors interested in startup funding. In this podcast series Experience, investors share their experience and advice. You can learn more at Investor Connect dot org. Paul Martin is the director of Investor Connect, which is a 500 1c3 nonprofit dedicated to the education of investors for early stage funding. All opinions expressed by hall and podcast guests are solely their own opinions and do not reflect the opinion of Investor Connect. This podcast is for informational purposes only and should not be relied upon as a basis for investment decisions.