Invest in Lombardy

Life science Sector
OVERVIEW ON BIOTECH SECTOR IN ITALY
Italian Biotechnology Industry in Italy continues to be competitive in Europe. At the end of 2013 there were in Italy 422 companies engaged in R&D in the field of biotechnologies.

Among these, 264 are defined ‘pure biotech’. Italy ranks third after Germany and United Kingdom.

With 1.1% of the world’s researchers and 1.5% of total global spending, Italy produced 3.8% of the planet’s scientific articles, obtaining 6% of all citations, thus ranking first and six times higher than the world average in terms of citations.
Total turnover of the sector accounts for 7,050 million euro, showing a substantial stability, while R&D investments have grown to 1,517 million, with a further 1% increase compared to the previous year.

The number of R&D employees is 6,626.

With the weakening of the venture market, in order to find an alternative, biotech firms are more and more keen to establish strategic alliances, as well as to share resources and capabilities with other companies.

Source: Assobiotec
In 2013, the European Research Council funded 312 European and Non-European projects on the sole grounds of their merit. Italian scientists won 46 of the total grants, ranking second after Germany (48), and followed by France (33) and United Kingdom (27).

The large majority of Italian biotech companies (77%) is micro-small size, having fewer than 50 employees.

Source: Assobiotech
Almost half of the companies are exclusively active in red biotech (47%) proving the predominant weight of human health biotechnology.

- On a total turnover of 7,050 million euro, the analysis of turnover by type confirms that 76% of revenues are attributable to the multinationals subsidiaries in Italy, almost all of them are directly engaged in the red biotech research in our country.

- Segmenting the turnover by size, big organizations (which have more than 250 employees) constitute 81%, medium-sized companies 10%, while micro-small companies 9%.

- 88% of biotech companies turnover is produced by micro-small companies.

Source: Assobiotec
OVERVIEW ON BIOTECH SECTOR IN LOMBARDY
Lombardy is the first Italian region in the field of life sciences thanks to the large number of companies, facilities, human and financial resources located in the area.

- **First European region** in the chemical sector in terms of employees and number of companies, outdoing regions such as Rheinland (DE) and Ile de France (FR).
- At national level, Lombardy accounts for about **40% of Italian chemical employment**.
- The Pharmaceutical industry plays an important role in the local economy: **31,000** pharmaceutical employees, **33** R&D centres, over **90** red biotech companies, **17,000** workers in the supply chain (chemical, mechanical, paper).
- **34.4%** of all Italian Biotech companies are located in Lombardy (126 companies on a tot. of 407).
- Lombardy – tot. biotech companies turnover = **€ 3,472M**.
- Lombardy recognized as **bioregion in the European Union**.
- More than **40%** of all national patents filed over the past 10 years comes from Lombardy.
- Biotechnology parks and incubators are well distributed throughout the region. Science parks, usually collaborating with prestigious local universities, are the perfect habitat for businesses and institutions aiming at developing new high-tech products both for the Health and for the Agro-food industry.
LOMBARDY IS THE BEST REGION FOR YOUR FUTURE BUSINESS IN EUROPE:

- The greater cluster in Europe of biotech industries
- The labour availability and quality in biotech sector is over the average
- Total turnover of the sector accounts for over 7 Billion euro
- R&D investments have grown to 1,517 Million euro
- The second lower total operating cost (per annum) in Europe after Barcelona Region but with an higher quality
Business Costs in Milan are lower than in Paris, Frankfurt, Berlin, London (according to KPMG, Competitive Alternatives 2012)

Hourly compensation costs (all employees in manufacturing):
  - Germany: 46 USD
  - France: 40 USD
  - Italy: 35 USD
(Source: ILO - International Labour Organization report)

An excellence business environment: starting a new business takes only 6 working days

Firms have higher marginal returns of one additional unit of capital invested (ROI – return on investment), in particular in best-performer sectors: manufacturing of wearing apparel, manufacturing of wood and related products, scientific activities and research (Bocconi University report, 2012)

KEY WORDS: low costs, high productivity
European Cities and Regions of the Future 2014/15

Winners

**LOMBARDY – RANKED FIRST AMONGST THE SOUTHERN EU REGIONS**

- **WINNER** – SOUTHERN EUROPEAN REGIONS: OVERALL
  (in 2012/2013: 10°)
- TOP 10 – SOUTHERN EUROPEAN REGIONS: FDI STRATEGY (2°)
  (in 2012/2013: not classified)
- TOP 5 – LARGE EUROPEAN REGIONS: FDI STRATEGY (3°)
  (in 2012/2013: not classified)
- TOP 10 – LARGE EUROPEAN REGIONS: OVERALL (5°)
  (in 2012/2013: not classified)
- TOP 10 – MAJOR EUROPEAN CITIES: ECONOMIC POTENTIAL (8°)
  (in 2012/2013: not classified) (in 2012/2013 Southern European Cities 6°)
- TOP 10 – LARGE EUROPEAN REGIONS: ECONOMIC POTENTIAL (8°)
  (in 2012/2013: not classified)
- TOP 10 – LARGE EUROPEAN REGIONS: BUSINESS FRIENDLINESS (9°)
  (in 2012/2013: not classified)
- TOP 25 – EUROPEAN REGIONS OVERALL (15°)
  (in 2012/2013: not classified)
Italian biotech companies are **mainly concentrated** in the North, especially in **Lombardy**. Among the reasons, the **labour quality**, the **competitiveness** and the **strategic importance of clusters**.
Milan Region ranks first in cost/competitiveness index

Source: fDi Benchmark from the Financial Times Ltd 2014
Milan Region ranks first in the quality overview
Milan Region ranks first in industry cluster

Source: fDi Benchmark from the Financial Times Ltd 2014
Milan Region ranks first in the attractiveness index

Source: fDi Benchmark from the Financial Times Ltd 2014
INVESTMENT FACILITATIONS
INCENTIVES IN R&D
### ITALIAN AND LOMBARDY INCENTIVES

#### 1) COMPETITIVENESS COMMITMENT WITH LOMBARDY REGION
Regional Government recently approved incentives to boost competitiveness and entrepreneurship. These agreements foresee **facilitations for companies willing to invest in Lombardy hiring high skilled personnel or investing in R&D**

#### 2) HIRING HUMAN RESOURCES
**Tax credit for companies who** hire **young** (30% of the salary for 18 months) and **female** personnel (50% of the salary for 18 months)

#### 3) ACQUISITION OF NEW MACHINERY
**Financial aid** at low rate for machinery acquisition in some industrial sectors:
- Maximum loan 2 Million €
- Either National and Lombardy funds are available

#### 4) INNOVATIVE START UP
- **Flexible working contract** for hiring skilled personnel and **Tax credit** (35% of the annual salary)
- Easy access to **credit** (max 2,5 Million €)
- **Accelerate procedures** for setting up and registration of the New Company (NEWCO)
1) ACCORDI PER LA COMPETITIVITÀ (Agreements for the competitiveness)

Target
Improve the competitiveness and attractiveness of Lombardy region, supporting employment and qualification of human capital. These agreements give the possibility to have facilitations for companies that want to:
- Invest in Lombardy region in some particular fields
- Hire staff from Lombardy
- Invest in Research and Development in Lombardy

Advantages for foreign companies
✓ “One stop office” - a single decision-making center for all matters
✓ Quick and concrete answer: answers within 1 month
✓ Taylor made support
✓ Profitable direct collaborations with local Institutions
✓ Access to highly specialized skills and R&D infrastructure

Fields
- innovation and R&D
- environment protection
- investments for energy production from renewable sources
- investments for energy saving measures (energy efficiency)
- establishment of new innovative SME with female participation
- welfare corporate projects
- employment and training projects for young, disadvantaged and disabled workers
2) HIRING HUMAN RESOURCES

- **The Lombardy Region provides tax credit for hiring youth personnel and women**

  Tax credit are recognized with the following criteria:

  - **35% of the gross salary** for a period of time of 18 months for hiring youth personnel (18 – 29 years old)
  - **50% of the gross salary** for hiring women with no limit of age for a period of time of:
    - 12 months for temporary contract
    - 18 months for fixed term contract

- **In addition...**

  - **6000 € per person** for hiring personeel within 18 and 25 resident in the region with apprenticeship contract
  - **1000 € per person** for hiring personeel qualified within 18 and 29 resident in the region with apprenticeship contract
  - **1000 € per person** for hiring personeel qualified within 18 and 29 resident in the region with internship contract; **8000 € per person** if the company decides to employ the intern the at the end of the stage
3) ACQUISITION OF NEW MACHINERY: National

The “Legge Sabatini 2014” provides corporate loans and business financing.

Target
For all the companies which wish to invest (including through financial leasing) in machinery, equipment, capital and instrumental goods and new equipment with productive use, as well as hardware, software and digital technologies.

Conditions the company must fulfill:
• Must be regularly enrolled in the national register of companies;
• Must be operating in the Italian territory;
• Should not be in liquidation or bankruptcy nor in insolvency process.

Loans by a minimum of 20,000 to a maximum of € 2 million → the funds are provided by “Cassa Depositi e Prestiti” (Italian Public financial institution), available until 31st December 2016. The loans have low interest rate of 2.75%, thanks to a grant from “MISE” (Italian Ministry of Economic Development) which will cover part of the interests’ rate.

Timing
Obtaining the loan is about 4/5 months
3) ACQUISITION OF NEW MACHINERY: Lombardy

Target:
- Support SME in Lombardy
- Investments in new machinery

Total budget: 12 Million Euro

The sectors:
- Mineral extraction, manufacturing activities, production and distribution of electricity, construction industry; other facilitations are allowed for SME in commerce, hotels and restaurants

- The project will finance the acquisition of new machinery through financing operations or discount/subsidy bill of exchange

- Investment are related for the purchase of new machineries technologically advanced with lower environmental impact

- Other investments admitted: assembling, testing, shipping and packing (up to a maximum of 15% of the total cost of the machine)
4) INCENTIVES FOR INNOVATIVE START UP

Which are the legal requirements to be defined as an Innovative START UP in Italy?

- Company must be an Italian Limited Liability Company
- Company must develop, produce or commercialize innovative products (or services) with high technological value
- Company must not have been established for more than 48 months
- Second year turnover must not exceed 5 Million euro
- Company (at least for the first 24 months) majority shares must be detained by natural persons

Furthermore, to be recognized by the Italian Government as an Innovative START UP, companies must satisfy at least one of the following criteria:

- Invest more than 20% of its production value in R&D activities
- Employ high skilled personnel (at least 1/3 of the overall company’s human resources)
- Deposit industrial patents related to the company main activity
4) INCENTIVES FOR INNOVATIVE START UP

*Which are the INCENTIVES available to Innovative START UP in Italy?*

- **Establishing Innovative START UP is cheaper than establishing a standard Limited Liability Company**
  - Innovative Start up are exempted by the payment of annual fees due to the Chamber of Commerce. These fees usually are calculated on the basis of companies annual turnover:

<table>
<thead>
<tr>
<th>TURNOVER BRACKETS From:</th>
<th>TURNOVER BRACKETS To:</th>
<th>RATE %</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>100.000,00</td>
<td>euro 200,00</td>
</tr>
<tr>
<td>100.000,00</td>
<td>250.000,00</td>
<td>0,015%</td>
</tr>
<tr>
<td>250.000,00</td>
<td>500.000,00</td>
<td>0,013%</td>
</tr>
<tr>
<td>500.000,00</td>
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<td>0,010%</td>
</tr>
<tr>
<td>1.000.000,00</td>
<td>10.000.000,00</td>
<td>0,009%</td>
</tr>
</tbody>
</table>

- **Innovative START UP take advantages from a lighter labor law procedure to hire human resources**
  - Innovative Start Up can hire personnel with flexible contracts for at least 48 months. Once this period of time has expired human resource must be employed with standard contracts, regulated by the national labor law
  - Innovative Start Up have the opportunity to remunerate employees with stock options and to reward consultants (accountants and lawyers) with work for share
  - Payments through stock option and work for share are submit to favorable tax system
4) INCENTIVES FOR INNOVATIVE START UP

Which are the INCENTIVES available to Innovative START UP in Italy?

➢ **Innovative START UP has access to tax credit for employing high skilled human resources**

Companies hiring high skilled personnel can benefit from a tax credit amounting to 35% of the annual labor cost per employee. The hiring company can benefit the tax credit for a period of 12 months.

A company employing 3 high skilled resources will pay gross salary only for 2 of them.

➢ **Innovative START UP have easy access to credit**

**Crow funding**

The crowd funding created specially for the Innovative Start Up to ease access to credit, it is regulated by CONSOB (regulatory body for the Italian Stock Exchange).

**Guarantee Government Fund**

A guarantee government fund has been created to offer warranties on bank loans to Innovative Start Up and enable a easy and faster access to credit.
HORIZON 2020:
R&D OPPORTUNITIES IN EUROPE
Horizon 2020

Timing
Seven-year programme € 80 billion

Target
Research centres, universities, companies and SME

Priorities
1. € 24.5 billion allocated to the Excellent Science priority with the aim of promoting the competitiveness of Europe at a scientific and technological level
2. € 17.1 billion allocated to the Industrial Leadership priority in support of research and innovation with its focus on Key Enabling technologies, SMEs and venture capital
3. € 29.7 billion allocated in Societal Challenges priority for research activity and pilot schemes areas as ageing population, food security, the development of new models of sustainable agriculture, climate change, renewable energy sources, the adoption of new systems of sustainable mobility

Source: European Commission

Growth of bioenergy and biochemistry in terms of market share is expected to be somewhere between 12% and 20% over the next two years
PUBLIC EU FUNDING - BIOTECHNOLOGIES

- Biotechnologies will benefit from:

- Industrial Leadership priority (Priority 2 Horizon 2020)
- Innovation Investment Package (IIP) € 22 billion for public-private partnership approved by the European Commission (8 Billion), the member States (4) and the European industry (10). **Most of the investment** (17, 5) will go to five public-private partnerships, called 'Joint Technology Initiatives' (JTIs):

- **Innovative Medicines**: to develop next generation vaccines, medicines and treatments
- **Fuel Cells and Hydrogen**: to expand the use of clean and efficient technologies in transport, industry and energy
- **Clean Sky 2**: to develop cleaner, quieter aircraft with significantly less CO2 emissions
- **Bio-based Industries**: to use renewable natural resources and innovative technologies for greener everyday products
- **Electronic Components and Systems**: to boost Europe’s electronics manufacturing capabilities

Source: European Commission
LAND IN LOMBARDY!

GET A FREE OFFICE SPACE IN LOMBARDY AND DISCOVER OUR BUSINESS OPPORTUNITIES!
WHAT IS IT?

*Get down to business in no time with our program!*

- **Land in Lombardy** is a service from *Invest in Lombardy* geared to the needs of foreign investors looking to relocate their offices and/or expand their business activities in Lombardy.

- We offer you a **free desk for up to 3 months** in one of Lombardy’s excellence centres - cutting edge structures specialized in a wide range of industries.

  - Life Sciences, Bioeconomy & Biotechnology
  - Pharmaceutical and medical devices
  - Manufacturing & Construction
  - Mechanical & Mechatronics
  - ICT
  - Energy & renewable energies
  - Environment and agriculture
  - Agrofood, Food and Beverage
  - Education and training
  - Tourism

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HOW DOES IT WORK?

**Investor selection**

**STEP 1.** The Investor must compile an Application Form and submit a Business Plan for evaluation

**STEP 2.** Invest in Lombardy proceeds to analyze the business plan together with the structures chosen by the investor

**STEP 3.** If the business plan is appropriate to the activities developed by the structure, Invest in Lombardy can proceed with the agreement between the center and the Investor

**Assistance**

**STEP 1.** Invest in Lombardy provide legal and accounting aid and Logistic assistance (accommodation ...)

**STEP 2.** Welcome desk in Lombardy provide by the structure

**STEP 3.** Further services provide by the structure (tutoring, meetings ...)

**Investor care**

**STEP 1.** Step by Step assistance provided by Invest in Lombardy and the structure throughout the period of the agreement
Parco Tecnologico Padano

WHAT IT IS: Technological Science Park

WHY CHOOSE IT?
✓ Strategic location: close to Milan; competitive, dynamic and strongly export-oriented market.
✓ Highly qualified HR
✓ Innovation: R&D; critical mass of interactions and interdisciplinary skills particularly in the biotech and food industry
✓ Investment opportunities: PTP manages the regional cluster for Agrofood

WHAT THEY OFFER FOR FREE
Welcome2Alimenta “Bronze Temporary Package” for up to 3 months. The package includes:
✓ Temporary office space (plug&play)
✓ Scientific network promotion
✓ Business network promotion
**TECHNOLOGICAL OFFER @ PTP**

**Food Security**
- Listeria, Salmonella
- Contaminants
- Traceability

**Food Quality**
- Composition
- Flavor
- Typicality

**New Application**
- Molecular Farming
- Vaccines
- Stem Cell
- Agro-energies (algae)

**Molecular**
- Genome Sequencing
- Biological Animals
- Characters

**Biological**
- Bioinformatics
- Databases
- Analytical methods

**Tools**
- Genotyping
- Expression

**European projects**
- Gene2Farm
- MacroSys
- Fruitbreedomics
- Fecund

**International Projects**
- ESCP
- Genome projects

**Health**
- Influenza
- Tuberculosis and para-TB
- PRRS
- BSE
- M. Grisea
- Sharka

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WHAT IT IS: Business Incubator

WHY CHOOSE IT?
- Promotional and educational services
- Consulting services: business planning and development, legal and managerial advice...
- Monthly meetings dedicated to Life Sciences, Biotechnology, Health startups

WHAT THEY OFFER FOR FREE
The following services are offered for up to 4 weeks:
- Up to 2 desks including Internet connection and access to meeting rooms
- Meetings with Scientific Staff and Business Development manager
Pharmaceutical, Advanced Materials, Biomedical, Agrofood, Green Chemistry, Cosmetic, Implantology, Textile

In-house technology platforms, on-going collaborations with university of Milan and distinguished research hospitals

Strong connections with Venture Capitalists and Business Angels’ network. Robust experience in grants’ support

Partnership with complementary services and consultancy (legal, IP, fiscal, regulation)

GRANTS: HORIZON2020

Fondazione Filarete is an effective partner for seeking, building, sharing and managing projects in the Horizon 2020 EU program.
HOW WE CAN HELP YOU
INVEST IN LOMBARDY – How we support you

Thinking of starting up a business in Lombardy?

- **Investment opportunities**
  - Data collection for individual business plans
  - Market analysis
  - Sector analysis

- **Business start-up**
  - Advice on the most suitable type of business entity
  - Help with document drafting and other bureaucratic procedures
  - Commissioning of qualified professionals to guide you through the start-up process
  - Help in obtaining permits, visas and necessary authorizations

- **Location search**
  - Selection of suitable locations for your business
  - Assistance during the location assessment stage

- **Recruitment**
  - Assistance in choosing the most suitable staff recruitment channels for your business
  - Links with public and private bodies specializing in recruitment

- **Access to credit, incentives and finance**
  - Research into the possible incentives available for your line of business
  - Links with credit institutions and financial entities

Want to expand your business in Lombardy?

- **Analysis and research**
  - Market research
    - Selection of local partners (agents, distributors, clients and suppliers)

- **Location search**
  - Selection of suitable locations for your business
  - Assistance during the location assessment stage

- **Recruitment**
  - Assistance in choosing the most suitable staff recruitment channels for your business
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- **Access to credit, incentives and finance**
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- **Executive education**
  - Customized courses for foreign companies and managers
Get in touch with us!

www.investinlombardy.com  @investinlombard

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Thank you!

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