

TAKING THE PULSE OF THE EUROPEAN INVESTOR LANDSCAPE FOR CULTURAL AND CREATIVE INDUSTRIES

A SURVEY BY BUSINESS ANGELS EUROPE ON BEHALF OF
EIT CULTURE & CREATIVITY



Culture & Creativity

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BUSINESS
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NOVEMBER 2023

FOREWORD
ON BEHALF OF EIT CULTURE &
CREATIVITY

REMARKS BY MEHJABEEN PATRICK
CFO, EIT CULTURE & CREATIVITY

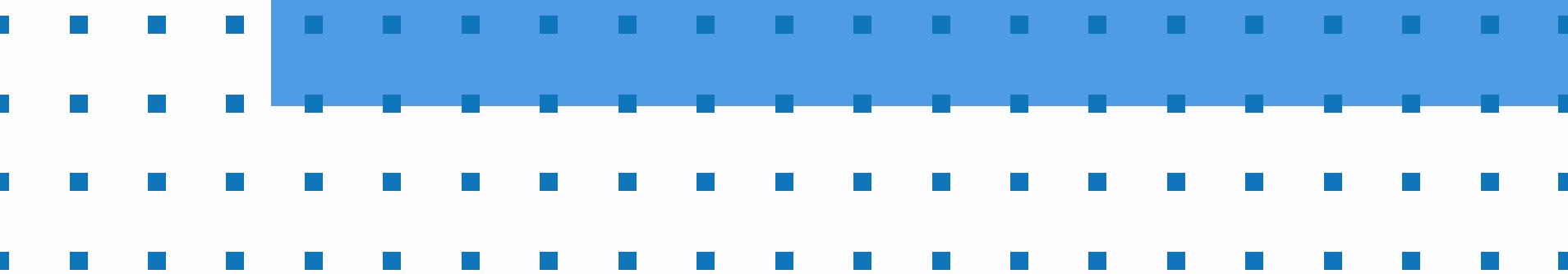


In the ever-evolving landscape of Europe's Creative & Cultural Sectors & Industries (CCSI), innovation, creativity, and entrepreneurship converge to shape the heart of Europe's identity and economic growth. We at EIT Culture & Creativity imagine Europe as a hub to fostering innovation, nurturing talent, and driving sustainable economic development. As a vibrant ecosystem, propelling the region to new heights of global competitiveness.

Amidst the brilliance of Europe's Creative & Cultural Sectors & Industries, challenges and opportunities coexist. To illuminate the path forward, we partnered with Business Angels Europe (BAE) – to conduct a study focused on gaining insights into investors' perspectives within the CCSI realm. This study takes the pulse of the investment landscape for CCSI in Europe and seeks to spotlight the challenges faced, and untapped potentials within these vital economic sectors.

The findings gleaned from this study will help us shape our plans for supporting the access to finance needs of the CCSI in Europe to unlock the unparalleled investment potential nestled within these sectors.

Through the shared knowledge and collective wisdom harvested from this report, we endeavor to catalyse transformative change, fostering an environment where creativity thrives, investments flourish, and Europe's CCSI emerge stronger and more resilient than ever before.



ABOUT EIT CULTURE & CREATIVITY



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EIT Culture & Creativity is the ninth Innovation Community by the European Institute of Innovation and Technology (EIT), a body of the European Union. It is designed to strengthen and transform Europe's Creative & Cultural Sectors & Industries (CCSI) by connecting creatives and organisations to Europe's largest innovation network. It takes a holistic and open approach to innovation – from tech to artistic driven innovations, from business to citizen driven – and reinforces the appreciation and anchoring of European values and identities.

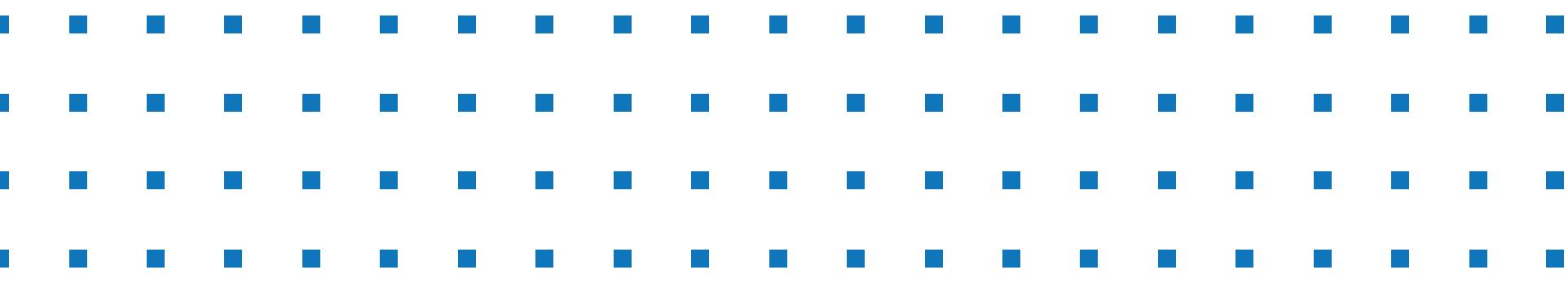
EIT Culture & Creativity will unlock latent value from a multitude of small CCSI stakeholders through technology transfer, improved cross-sectoral collaboration and their effective integration in production value networks. EIT Culture & Creativity will support technology and business innovation; artistic innovation and social innovation. It will also harness the unique position of the CCSI to facilitate the Triple Transitions in Europe – green, digital and social.

ABOUT THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY (EIT)



The EIT is Europe's largest innovation ecosystem bringing together close to 3,000 partners from top business, research and education organisations across Europe in over 80 innovation hubs. The EIT strengthens Europe's ability to innovate by powering solutions to pressing global challenges and by nurturing entrepreneurial talent to create sustainable growth and skilled jobs in Europe.

The EIT is an EU body and an integral part of Horizon Europe, the EU Framework Programme for Research and Innovation. The Institute supports dynamic pan-European partnerships, EIT Knowledge and Innovation Communities, composed of leading companies, research labs and universities each dedicated to solving a pressing global challenge, from climate change to health, to renewable energy.



FOREWORD
ON BEHALF OF BUSINESS ANGELS EUROPE

FROM JENNY TOOTH OBE
DIRECTOR, BUSINESS ANGELS EUROPE
EXECUTIVE CHAIR, UK BUSINESS ANGELS ASSOCIATION



Business Angels Europe (BAE) is the European Confederation of Angel Investing, established in 2012. BAE brings together the national federations and associations reflecting the most active and developed countries operating in the angel market in Europe.

Our objectives are the following:

- Creating a connected ecosystem for angel investing across Europe, working with key players across the finance and business marketplace.
- Ensuring a supportive fiscal and regulatory framework for angel investing across Europe.
- Promoting the growth of the angel market in Europe and raising awareness of angel investing to individuals with the capacity to invest, bringing both finance and experience to small businesses.

We cover the Angel market from West to East of Europe, supporting the growth of national federations and trade bodies as a means to effectively promote, educate, build and grow Angel investment communities across Europe to back growth-potential entrepreneurs from start up to scale up and to successfully link to further stages of investment across the supply chain. Our membership also includes 20 of the most leading and active Angel groups and networks across Europe who regularly share experience and knowledge and create relationships of trust to share cross border deals and opportunities for co-investment.

FOREWORD ON BEHALF OF BUSINESS ANGELS EUROPE

At BAE, we support our investment community to investment in entrepreneurs across a wide range of sectors across Europe with the potential to significantly impact the growth of the European economy. One of these high growth-potential sectors is Cultural and Creative Industries, offering Angel and early-stage investors significant opportunities for investment and to achieve opportunities for growth and scale and achieving substantial returns. Yet we know from data trends among our members and wider existing research that the cultural and creative sector remains extensively underserved, with only a relative small number of investors supporting the sector and many investors failing to identify the potential to identify the growth and investment potential offered by innovating entrepreneurs from within the various sub sectors that are part of Cultural and Creative industries, BAE is therefore delighted to be part of the EIT Culture & Creativity partnership since its inception. Notably, we have been pleased to have the opportunity to carry out this survey among the European investment community to gain insight into the attitudes and approach to investing in Cultural and Creative industry businesses, what are the drivers and motivations of Angels and VC investors that do invest and also better understand the barriers and challenges of those who currently not investing in the sector. The key aim was to identify what key actions we can take at a practical and wider policy level to increase investment in CCSI, based on the recommendations and ideas gained from the investors themselves, enabling the EIT Culture & Creativity partners to directly shape their responses to the needs and ideas of the investment community across Europe.

We recognise that the views captured through our survey and in this report are not comprehensive, but we have gained the perspective and insights from a strong cross section of Angels and VCs across Europe who have kindly taken the time to put forward their views and ideas about investing in the CCSI or why they do not. We should like to take this opportunity to thank all the investors who have supported this survey and taken time to provide the benefits of their experience and ideas both in the online survey and in the one-on-one interviews. These investor responses have enabled us to take the pulse of the investment community at a time when the economic climate has presented many challenges to investors across Europe.

We hope that these findings and recommendations will be of interest and relevance to all the players across the European investment and entrepreneurial ecosystem. Notably, we hope that the results and findings set out in this report will support the strategic direction and operational plans of the EIT Culture & Creativity in our mutual objective to significantly increase the level of investment in Cultural and Creative industries businesses across Europe in the years ahead. We look forward to working with the EIT Culture & Creativity partners to drive forward these ambitions.

CONTENT

EXECUTIVE SUMMARY

SECTION 1: PROFILE OF THE INVESTORS RESPONDENTS

SECTION 2: INSIGHTS ON INVESTORS ALREADY INVESTING IN CULTURAL AND CREATIVE INDUSTRIES

SECTION 3: INSIGHTS ON INVESTORS WHO DO NOT CURRENTLY INVEST IN CCSI BUSINESSES

SECTION 4: THE ROLE OF EIT CULTURE & CREATIVITY IN FACILITATING MORE INVESTMENT IN CCSI BUSINESS ACROSS EUROPE

SECTION 5: ADDITIONAL FINDINGS FROM THE ONE-ON-ONE INTERVIEWS WITH INVESTORS

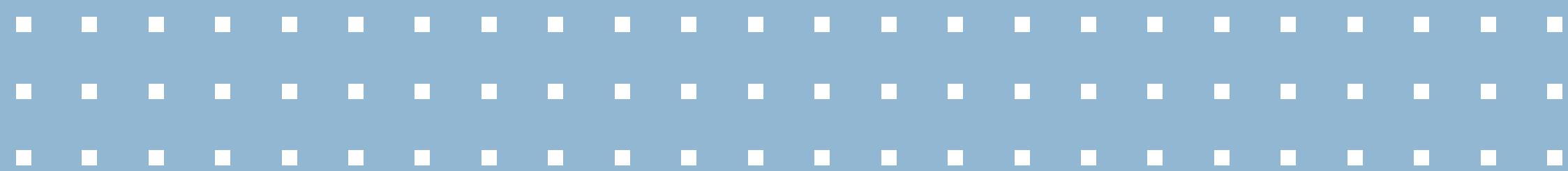
RECOMMENDATIONS FOR ACTIONS AND NEXT STEPS BY THE EIT CULTURE & CREATIVITY PARTNERS.

EXECUTIVE SUMMARY

SUMMARY OF KEY FINDINGS



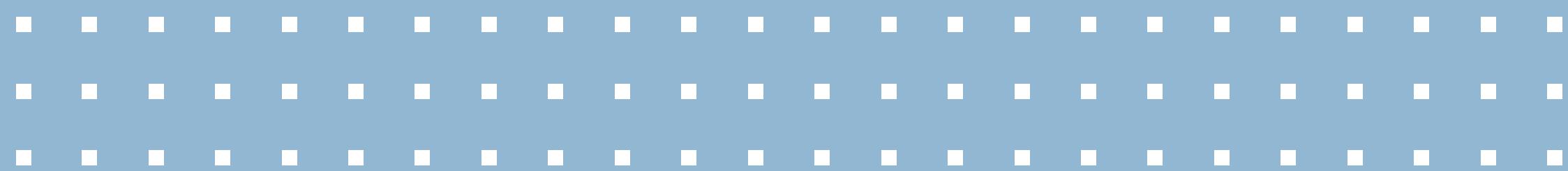
- 97 investors across Europe responded to the online survey.
- 20 investors participated in the one-on-one video interviews.
- 76 of the online survey respondents were male and 17 were female investors, with four non specified and an additional three women joined the interview panel. This is a relatively encouraging level of gender participation.
- The investors covered 16 Countries in Europe and UK with four completing the survey from countries outside Europe and UK
- Over 80% of the investors were Angels responding to the online survey despite extensive marketing across the equity supply chain. However, 25% of the online interviews were also held with VCs.
- Only just over one third 37% of the total investor respondents to the online survey had made investments in Creative & Cultural Sectors & Industries (CCSI) with 59% not already investing in CCSI and 4% preferring not to say. This contrasts to those volunteering for the online interviews where 60% of the investors interviewed were already investing in CCSI and 40% were not.



INVESTORS ALREADY INVESTED IN CCSI



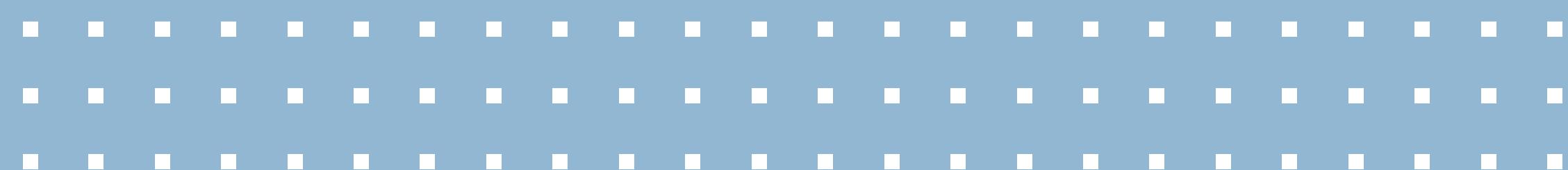
- 84% have made at least two investments, 24% having made five or more ,11% having made ten or more and 5% having made over 20 investments.
- Only 10% of investors have made 100% of their investments in CCSI, most having only 10% of their investments in CCSI. Unsurprisingly a significant proportion are investing at early stage and startup and only 16% have been made at scale up and growth stage. The most significant source of investment is through personal networks and referrals.
- Digital media and content was the top area for angels investing whilst Games was a strong area of investment the respondents were investing over a wide range of CCSI subsectors. Only 8% were backing theatre and performing arts businesses
- Over 60% of early stage investors are investing up to €50,000 per deal and only 3% of investors have made investments between 1 to 5 million euros. 92% of investments have been made as equity investment.
- Most investors expect 10 times return, although VC's are expecting lower multiples.
- The quality of the founding team was the most important factor in considering whether to make an investment in a CCSI business, whilst financial performance was the least significant factor for many of the investors.



INVESTORS WHO DO NOT CURRENTLY INVEST IN CCSI



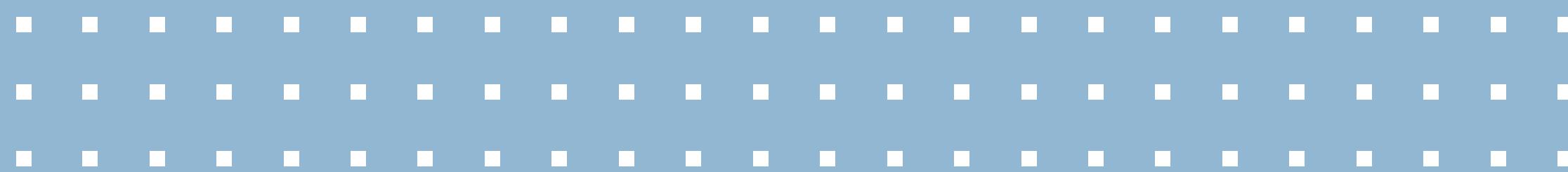
- 70% identified their lack of knowledge and understanding of the sector and its potential for growth and returns.
- 30% identified the lack of access to investment ready propositions and over a third felt the lack of access to case studies and successful growth stories which reinforced their perception of the low investment potential of these businesses. 50% lacked market intelligence on different sub sectors and 40% also cited a lack of knowledge or information on relative incentives to back CCSI businesses, alongside a general lack of knowledge about any relevant tax breaks.



DATA FROM ONE-ON-ONE INTERVIEWS WITH 20 INVESTORS



- 60% of those already investing in CCSI had already previous industry experience and background in the creative industries.
- More than 50% of all these investors had entrepreneurial backgrounds, including 6 of these having successfully exited their own business and one having been part of a highly successful gaming Unicorn.
- Over 50% investing 100% with half of these investing 100% in CCSI and several of these having raised funds dedicated to investing in CCSI 80% of these had experienced a portfolio with significant growth and 30% of these had positive exits already.
- The investors interviewed who were not already investing in CCSI were all from a Tech background, many investing in deep tech, either through corporates and corporate finance or investment funds.
- All those not investing stated their lack of knowledge and understanding of the industries; lack of access to market intelligence data and growth opportunities as reasons not to invest. The lack of apparent use of technology or evident IP was for many the biggest reason for not investing.



SUMMARY OF RECOMMENDATIONS ACTIONS AND NEXT STEPS BY THE EIT CULTURE & CREATIVITY PARTNERS TO BOOST INVESTMENT IN CCSI BUSINESSES

The recommendations reflect the views of both in investors who are investing and those not investing.

1 AWARENESS AND EDUCATION

Campaign for much greater awareness of the benefits and impact of CCSI across all sectors in the economy across Europe, as a means to attract a much wider base of investors, including women investors and those from less developed markets

2 ACCESS TO INVESTMENT READY CCSI BUSINESSES

Dedicated CCSI accelerator programmes to boost the pipeline of investment ready deals with a specific focus on individual subsectors, enabling early engagement and access to a curated supply of deals

3 BUILD A CONNECTED CCSI INVESTMENT COMMUNITY ACROSS EUROPE

European-wide CCSI investment community, with a specific focus on creating vertical subsector investment communities across Europe.

4 CREATING NEW SUSTAINABLE EUROPEAN FUNDS

Establishing European funds dedicated to CCSI across all growth stages from start-up to scale up and high growth, focused on individual sub sectors and enabling CCSI investors to engage as LPs and GPs and co-investors, whilst stimulating cross-border investment.

SUMMARY OF RECOMMENDATIONS ACTIONS AND NEXT STEPS BY THE EIT CULTURE & CREATIVITY PARTNERS TO BOOST INVESTMENT IN CCSI BUSINESSES

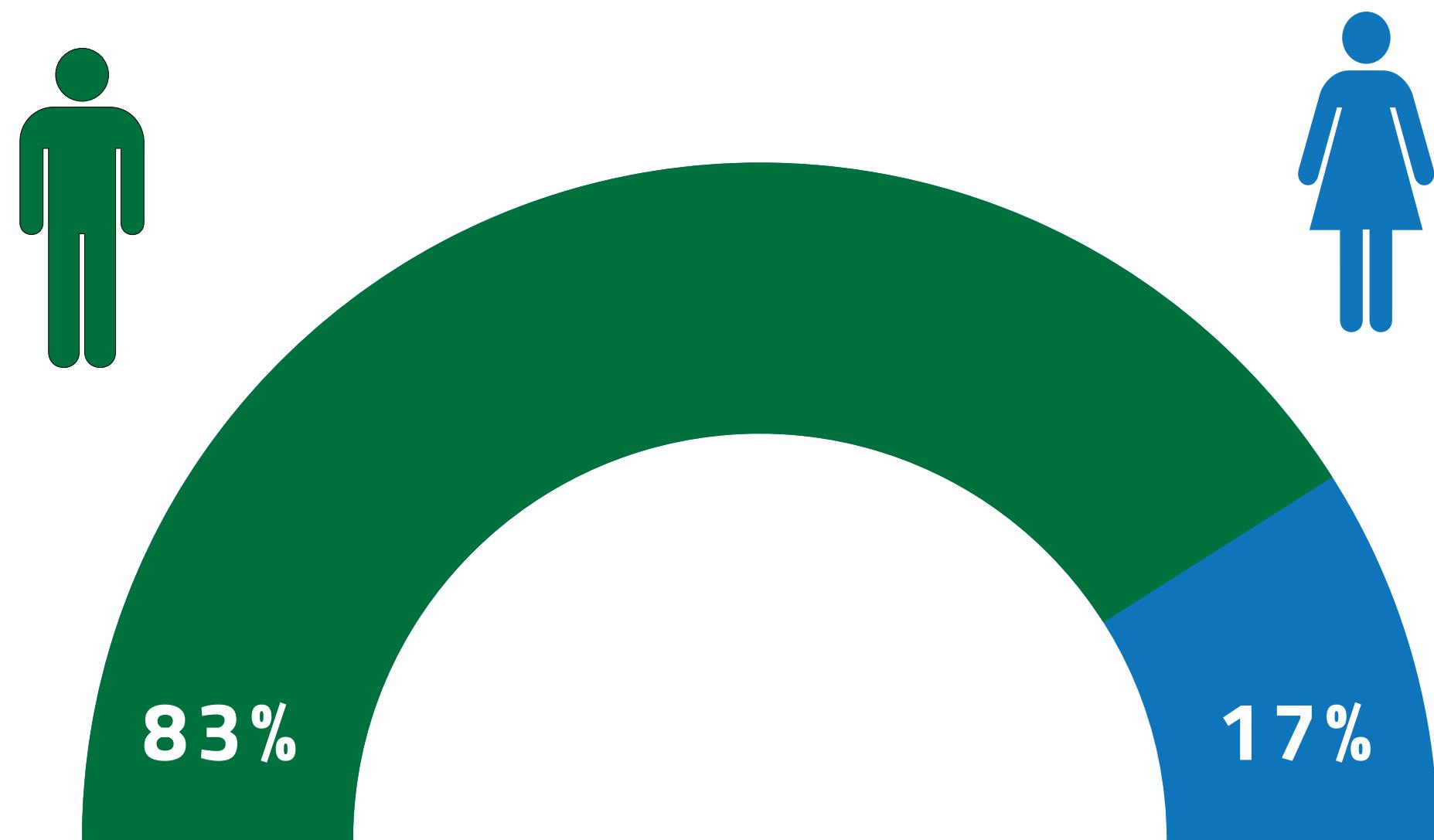
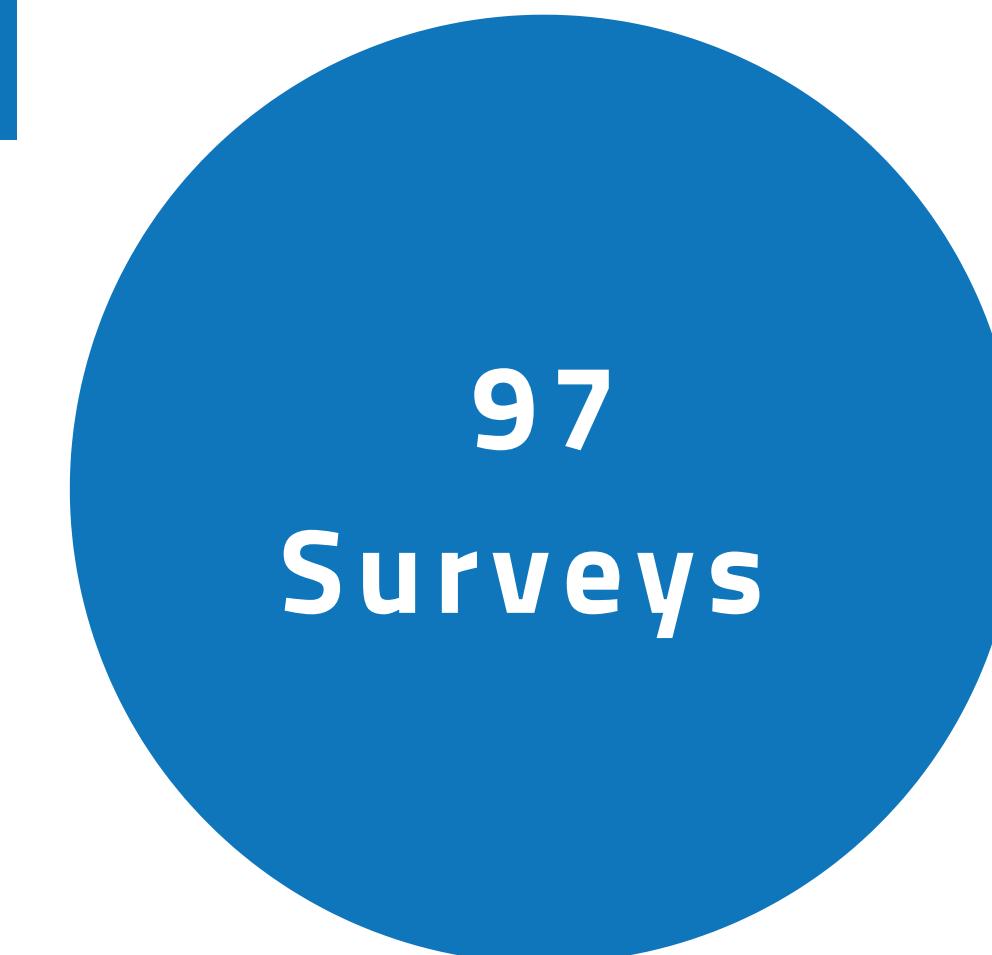
The recommendations reflect the views of both in investors who are investing and those not investing.

<p>Programme of investor education and training on CCSI to enable access to in-depth knowledge and skills on subsector areas for investment to both improve new investor knowledge and encourage more existing investors to engage with CCSI.</p> <p>Industry level programme of access to market intelligence for investors, both through webinars, and access to downloadable up to date market data on subsectors.</p>	<p>Pitch presentation events of a curated selection of sub sector specific CCSI businesses both online and face to face sessions to ensure access to a critical mass of investable deals.</p> <p>Bespoke platform to show showcase deals across Europe, filtered by subsectors, growth stage and EU region to enable economies of scale and facilitate cross-border investing and co-investing.</p>	<p>Create better connected communities of CCSI investors from less developed markets with investors from more developed investment markets strengthening knowledge exchange and opportunities for co-investment.</p>	<p>Create a separate but linked stream for investor engagement with Culture and Arts, mobilising a range of investment areas, including debt and asset funds, philanthropic investors, Foundations and Family offices , whilst exploiting opportunities for leverage of strong levels of public funding both at regional, national and EU level.</p>
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SECTION 1: PROFILE OF THE INVESTOR RESPONDENTS

Number of Completed responses received:

Out of the 10,000 investors circulated, we received **97** completed responses to the online survey. **15** one-on-one detailed video interviews were carried out from investors who had completed the on-line survey. **5** additional investors agreed to do a one-on-one interview, offering wider geographic reach.



What is the Investor Gender split:

In terms of the online survey, 76 of our respondents were male investors and 17 were female investors with 4 non-specified. Although this could be seen as a relatively low proportion of female investors participating in the survey, 17% is relatively encouraging compared with overall gender split in the equity investment market across Europe. However, for the one-to-one interviews: 4 women (20%) and 16 men participated. See Section 5 below.

SECTION 1: PROFILE OF THE INVESTOR RESPONDENTS

Where are the Investors located in Europe?

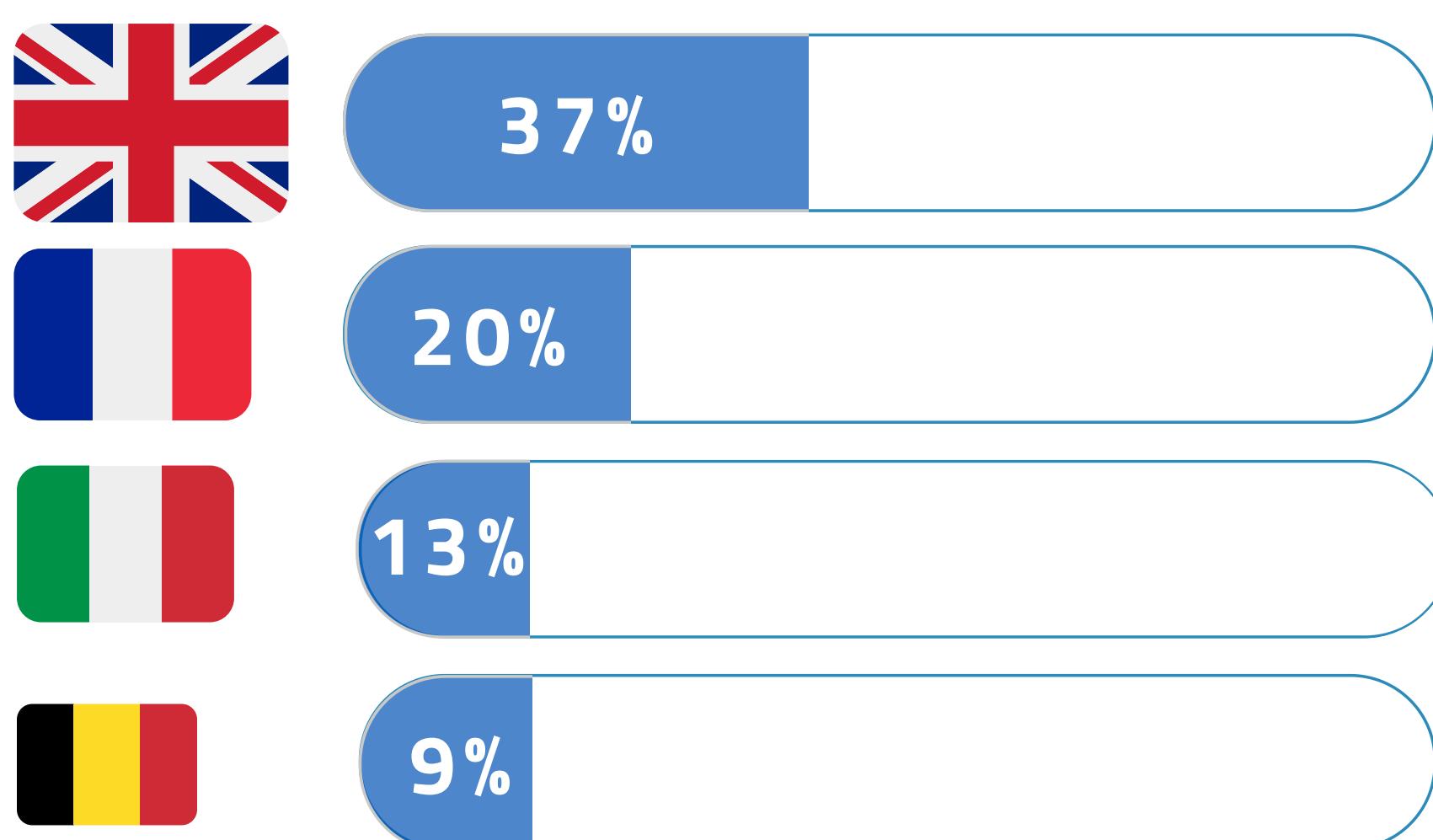
The highest levels of participation were from investors in Western Europe with 74% of the respondents coming from UK, France, Italy, Belgium and Germany, reflecting the existing strength of investment in the cultural and creative industries in this part of Europe.

However, there was a strong response rate from Romanian investors, whilst a small number of responses were also received from Portugal, Netherlands, Poland, followed by Sweden, Spain, Greece and Denmark and Czech Republic and Luxembourg.

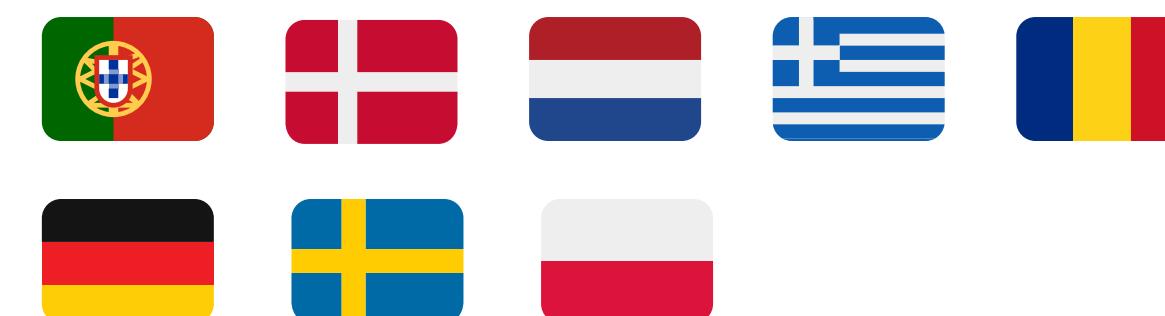
4 responses were also received from investors based outside the EU and UK.

It could not be concluded that European Investors outside of these specific countries lack interest in investing in Creative & Cultural Sectors & Industries - and we also have to bear in mind that the survey was carried out between June and August during the summer months where many investors were taking time out from their investing and did not wish to commit time to completing an online survey, as mentioned above.

TOP Countries



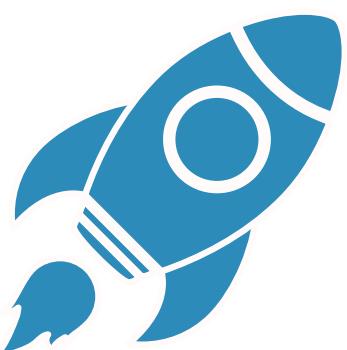
Other Countries



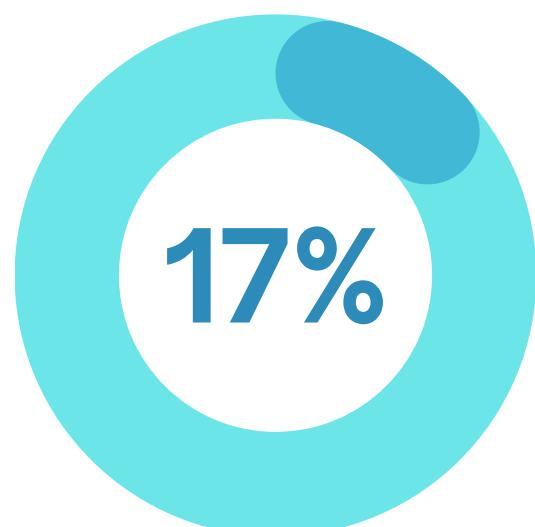
SECTION 1: PROFILE OF THE INVESTOR RESPONDENTS

What Type and stage of investment are covered by the Respondents?

Despite marketing the survey through a wide range of investment organisations and trade bodies, the largest proportion of responses (80%) came from Angel Investors, both from those operating as individuals and those in syndicates or groups.



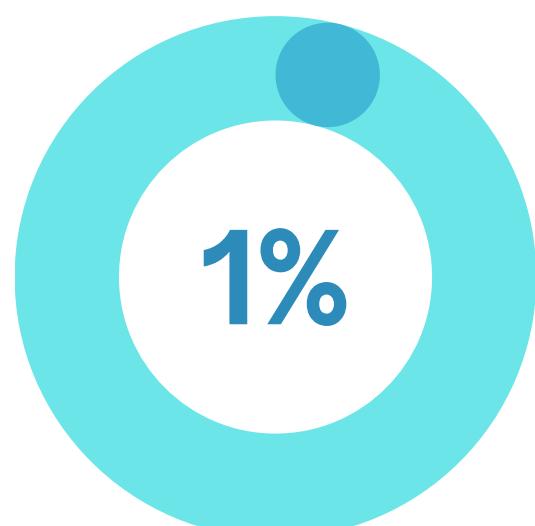
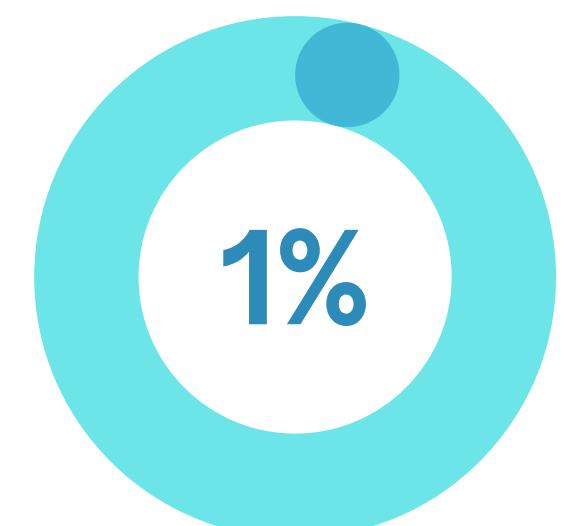
17% of respondents came from Venture and Growth with 7 % of respondents coming from Venture Capital Funds, followed by 4% in Private Equity; 2% in Corporate VC; 2% from Family Offices and 2% from Venture Debt funds.



Only one respondent invested through a crowdfunding platform and one through an accelerator.

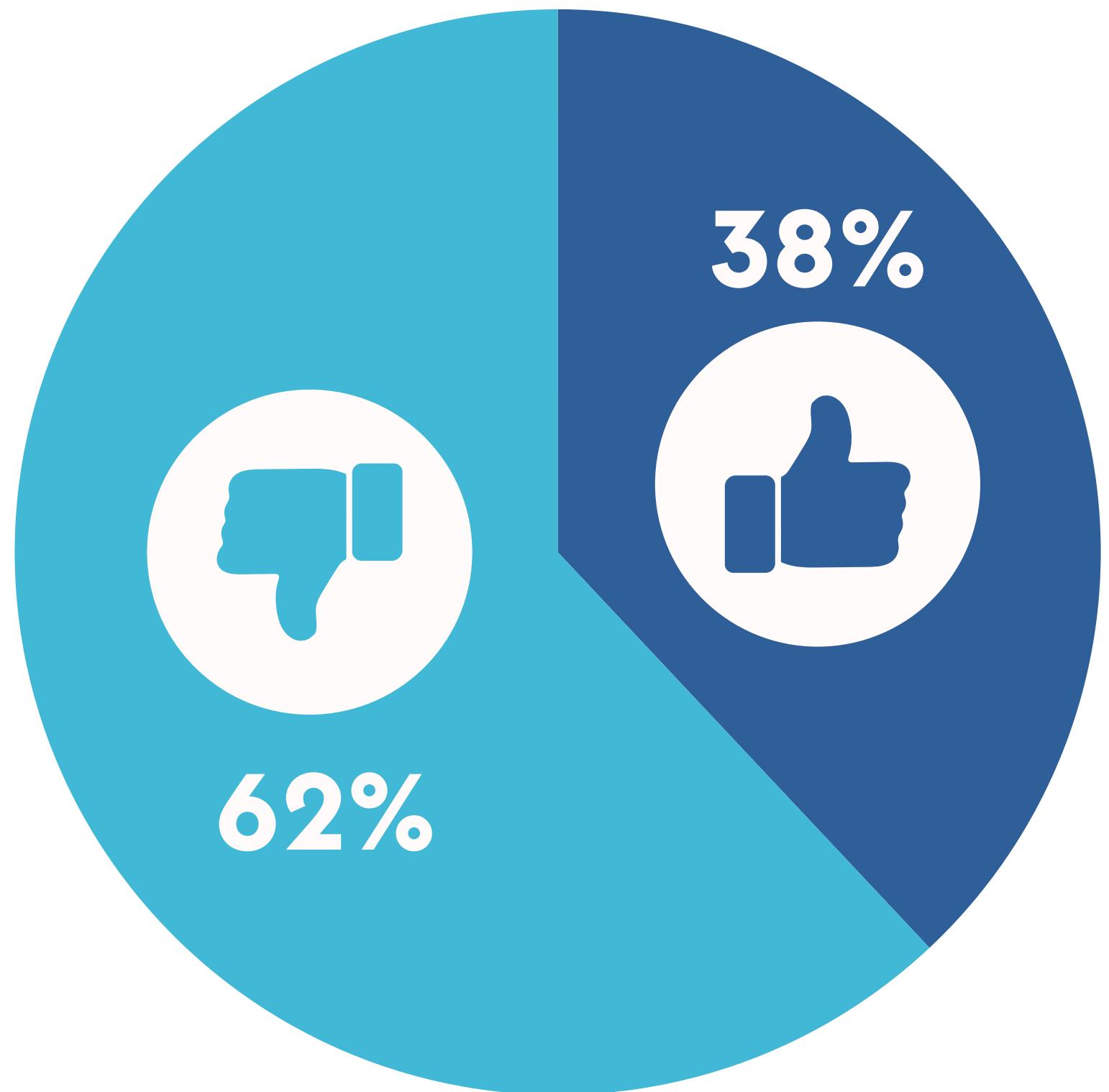


We may conclude that the majority of our respondents are focused on the start-up and early-stage part of the equity supply chain, with a smaller proportion from the Venture side focusing post seed, series A and further growth.



Whilst this is only small proportion of the investment market and therefore can be regarded as a snapshot of investor activity across Europe and of the overall position of investment in CCSI across Europe, based on existing market investment data.





Investing in Creative Industries or Not?

A key part of this survey was to understand the attitudes of both those already investing in culture and creative industries and those who are not yet making investments in CCSI. This provides us with an opportunity to take a snapshot of the motivations and interests of those who have already identified the investment opportunities offered by CCSI - and also allows us to gain insight into the potential barriers and concerns for investors who do not currently identify this sector as an area for investment.

It is notable that only just over one third (37%) of the total investor respondents said that they had made investments in cultural and creative industries CCSI, with over half (59%) saying that they had not invested in CCSI – and 4% of respondents preferring not to say.

This also provides us with a picture of the challenges currently faced by CCSI businesses across Europe- and what more needs to be done through the work of the EIT Culture & Creativity Partnership to change this status quo.

We will now go on to explore separately the motivations and attitudes of those who are investing in CCSI and more about their investing approach and appetite and then delve more deeply into the challenges and concerns of those investors who are not currently investing in CCSI.

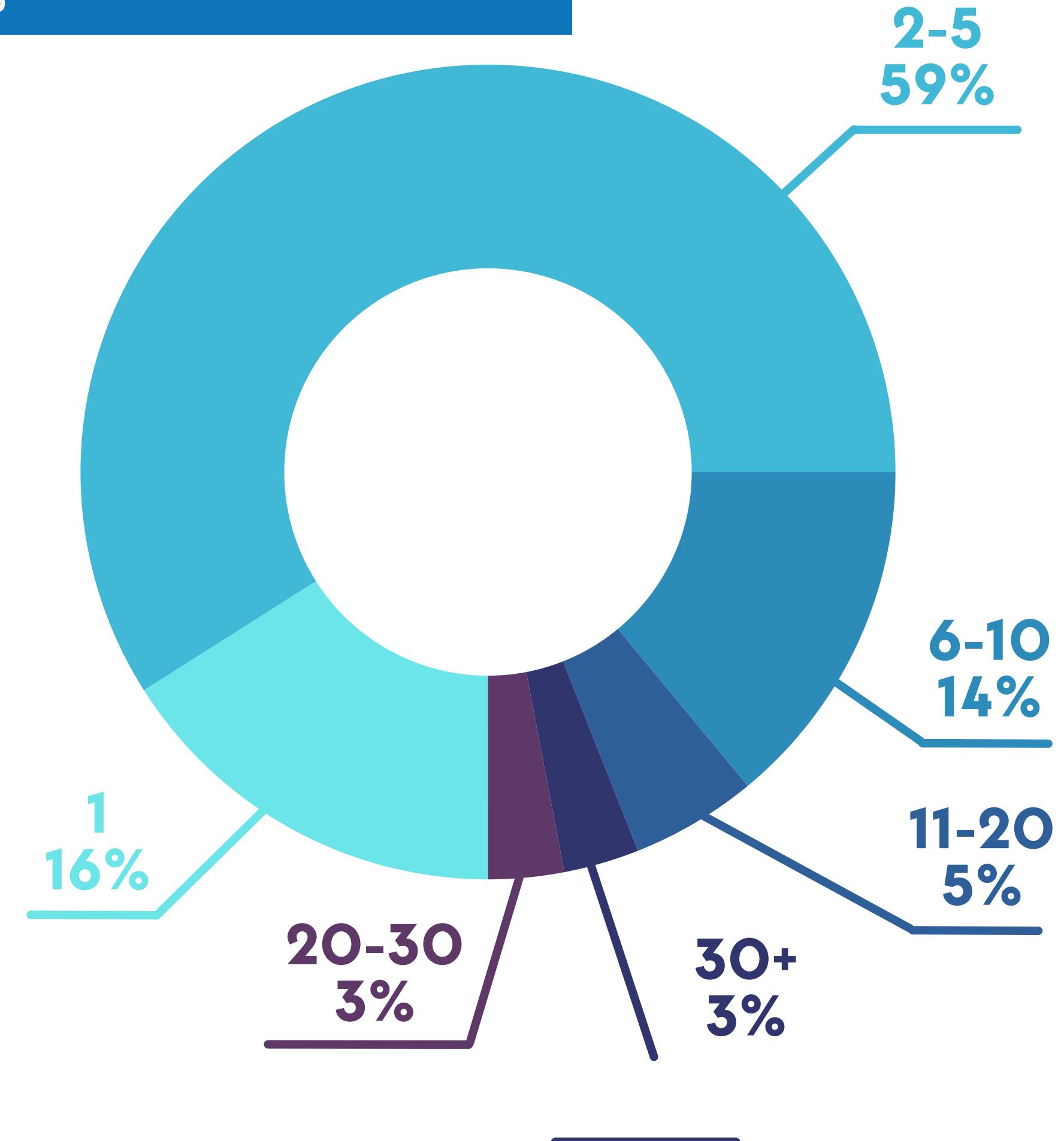
SECTION 2: INSIGHTS ON INVESTORS ALREADY INVESTING IN CULTURAL AND CREATIVE INDUSTRIES

How many investments are individual investors making in CCSI businesses?

A significant proportion (84%) of the investors, already currently investing in the Creative & Cultural Sectors & Industries, have made at least two investments in the sector.

Over half (57%) having made up to five investments to date and with nearly 14% having made-up to 10 investments and 5% of investors have made up to 20 investments.

A small proportion of these investors (5%) have made over 20 investments, with a very small number (3%) of very prolific investors, having made more than 40 investments in the sector to date.



SECTION 2: INSIGHTS ON INVESTORS ALREADY INVESTING IN CREATIVE & CULTURAL SECTORS & INDUSTRIES



16%



59%



What Proportion of Investors' Portfolio is in CCSI

If we consider what proportion of investors' existing investment portfolios are in CCSI, we have again a very small number of investors (10%) who have made the majority of their investments in CCSI investments and around 16% having between 25-50% of their investment portfolio in CCSI.

More than half (60%) of the investors have a portfolio of 10% or less CCSI investments in their portfolio to date.

Thus, we must conclude that the majority of these investors, building a diverse portfolio across multiple sectors is their preferred approach, with only a small number of these investors focusing specifically on building a portfolio dedicated to investing in CCSI businesses.

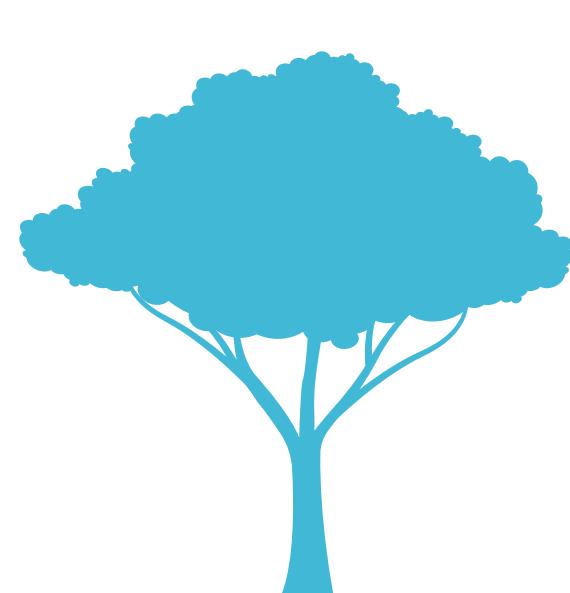
SECTION 2: INSIGHTS ON INVESTORS ALREADY INVESTING IN CREATIVE & CULTURAL SECTORS & INDUSTRIES

What stage are these investments in CCSI?

Perhaps unsurprisingly, given that a high proportion of the investor respondents are Angel investors, 84% of the investments made in CCSI have been at early stage, pre seed and seed stage ie pre-Series A.

Of these, 38% of investments have been made at pre-seed ie at the most risky stage of the funding journey when the CCSI business is start-up mode and only 11% of the investments have been made at early stage. 35% of investments have been made at seed stage ie moving towards Series A.

Notably, only 16% of investments have been made at growth and scaleup stage.



Growth



Early stage

SECTION 2: INSIGHTS ON INVESTORS ALREADY INVESTING IN CREATIVE & CULTURAL SECTORS & INDUSTRIES

What Deal flow sources are Investors using to find CCSI investment opportunities?

Investors were asked to identify a number of relevant sources for deal flow. The most significant source for most of the investors is through their own personal networks with 86% of investors using these as trusted sources.

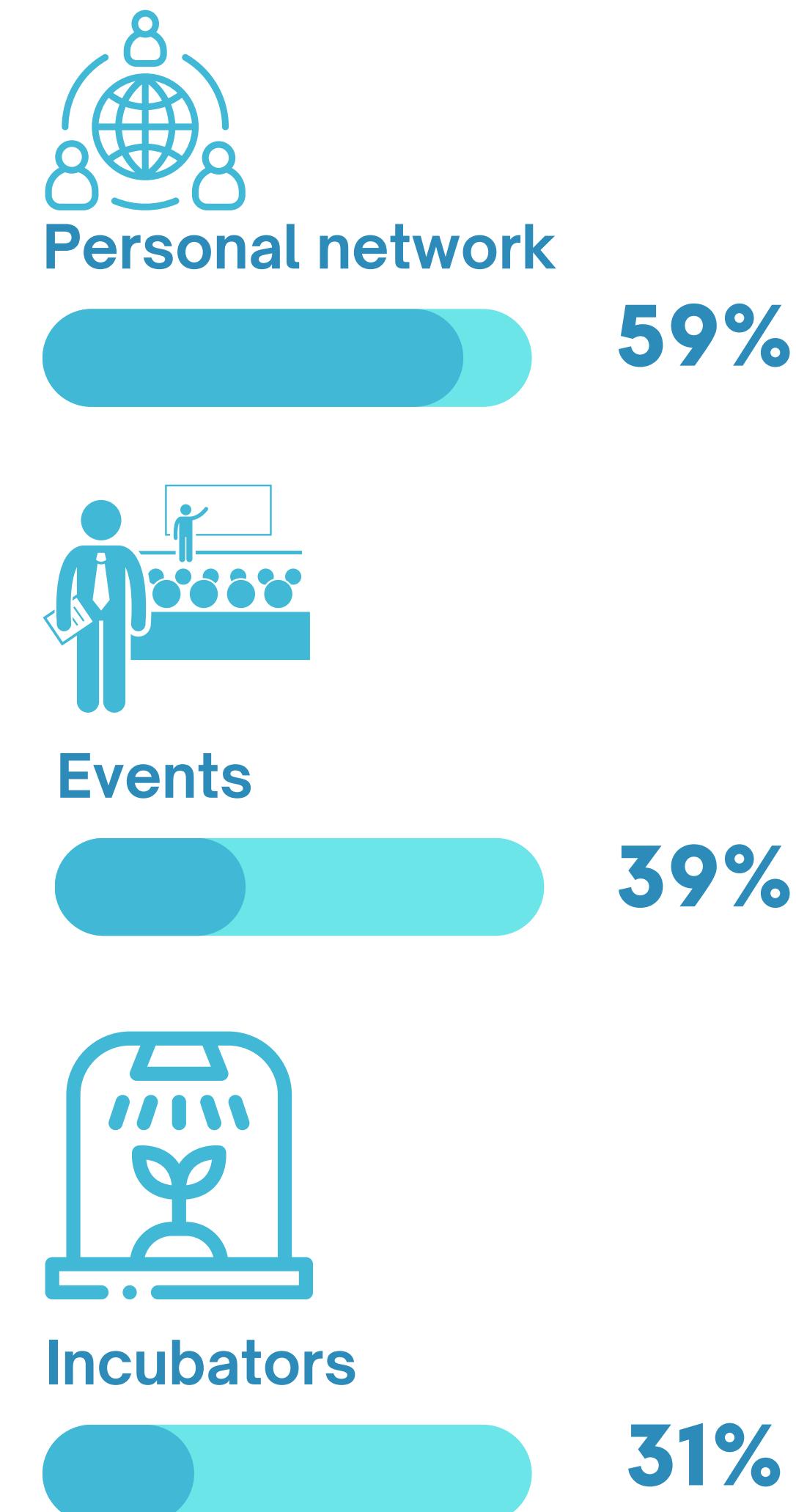
Investment Pitch and show case events were also key sources, with nearly 40% of investors using events to find deals.

- 30% of investors identified that engaging with Accelerators and Incubators were a valuable source of deal flow opportunities, whilst a smaller number (11%) engaged with Start-up studios.
- 22% of investors also identified Intermediaries as a useful source of referrals.
- Notably, only 14% of Investors used online platforms to source deals.

This reflects how important it is for CCSI businesses to gain access to investors through warm referrals and trusted sources working through networks and intermediaries.

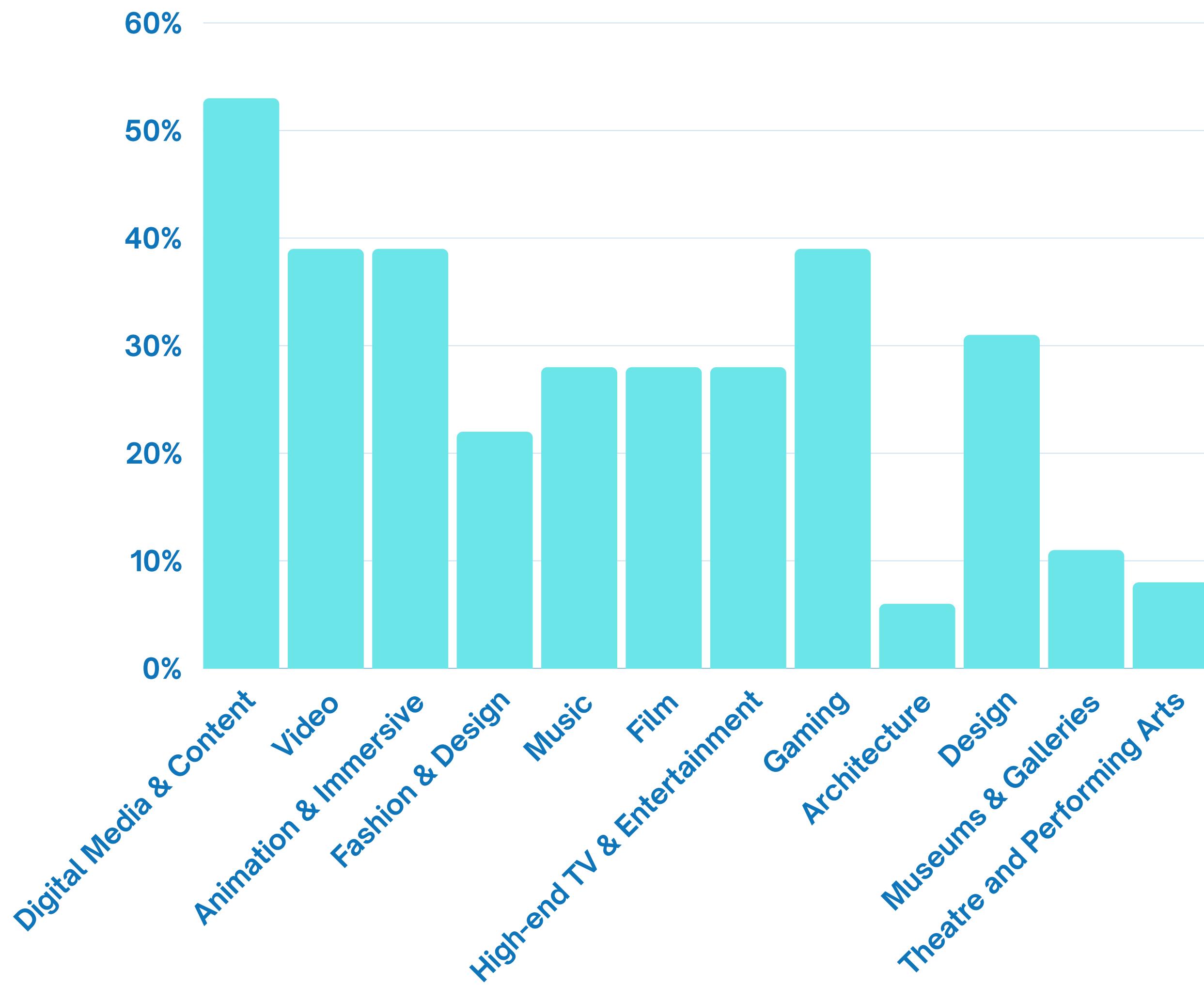
At the same time, being able to pitch or showcase the CCSI business directly to investors (offline and online), remains a strong way to engage with investors, followed by being part of programmes operated by accelerators and incubators.

However online deal platforms (ie non pitching) are seen as less useful as a source of CCSI dealflow by investors.



SECTION 2: INSIGHTS ON INVESTORS ALREADY INVESTING IN CREATIVE & CULTURAL SECTORS & INDUSTRIES

In which Sub sectors of CCSI are Investors making their investments?



Investors already backing CCSI were asked to identify the main subsectors that they invest in, covering the following areas and they could include multiple areas:

- Digital media and content
- Video
- Animation and Immersive (AR and VR)
- Fashion
- Music
- Film
- High -end TV and Entertainment
- Gaming
- Architecture
- Design
- Museums and Galleries
- Theatre and Performing Arts

Perhaps unsurprisingly, Digital Media and Content was the top area where investors are focused, with over half of the respondents investing (52%). This reflects the wide range of opportunities covered through this subsector and notably the distinct rise in popularity of businesses focused on digital media resulting from the pandemic.

SECTION 2: INSIGHTS ON INVESTORS ALREADY INVESTING IN CREATIVE & CULTURAL SECTORS & INDUSTRIES

The second most popular areas for investment are Videogames and Animation and Immersive (all at 39%) again reflecting the surge in interest and sales during and post pandemic, offering opportunities in terms of both B2B and B2C business models, whilst advances in AR and VR are driving new opportunities for innovation and intersection with other areas including ed tech, ad tech etc.

Following on from this, 28 % of investors are also interested in backing businesses in Film production, content and distribution, with similar level of interest in High End TV and Entertainment. Music also attracted 28% of investors, with its extensive new opportunities for streaming.

A further notable area of interest is Design with 30% of investors investing in this area, potentially reflecting its wide applications including direct intersection with other sectors and industries outside CCSI.

This contrasts with Architecture where only 5% of the CCSI investors are seeing opportunities to invest. When it comes to the broader Cultural industries, where fewer early-stage businesses are operating, a much lower proportion of investors were making investments with only 11% investing in Museums and Galleries, whilst only 8% were backing Theatre and Performing Arts businesses.

SECTION 2: INSIGHTS ON INVESTORS ALREADY INVESTING IN CREATIVE & CULTURAL SECTORS & INDUSTRIES

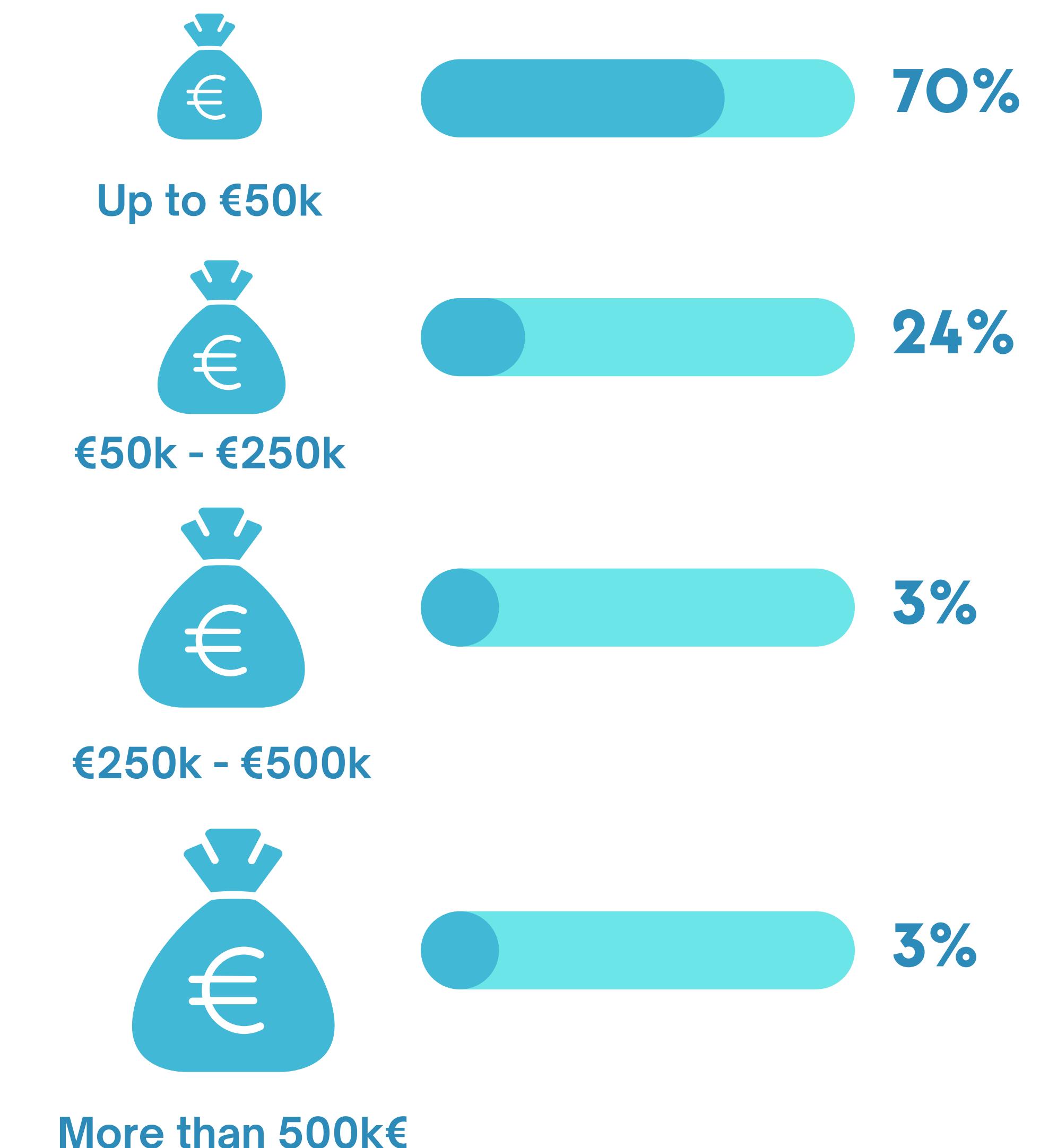
What size of Investments are Investors making in CCSI?

The most significant investment size is between 10,000 and 50,000 euros with over 60% of investors making investments at that level. Nearly 20% of investors were investing 50-100,000 euros.

5% of investors are making investments, between 100k- 250k euros, with only 3% investing between 250k- 500k.

3% of the investors have made investments of between 1m-5m euros. Clearly these investment sizes are relatively low and this may need to be compared to investments in other sectors. This may also reflect the high proportion of angel investors who responded and the high proportion investing at pre-seed and early stage.

However, these investment sizes by individual investors does not necessarily reflect the overall size of the deal in CCSI businesses which may be made through syndicates of angels or investors co-investing with other sources of investment.



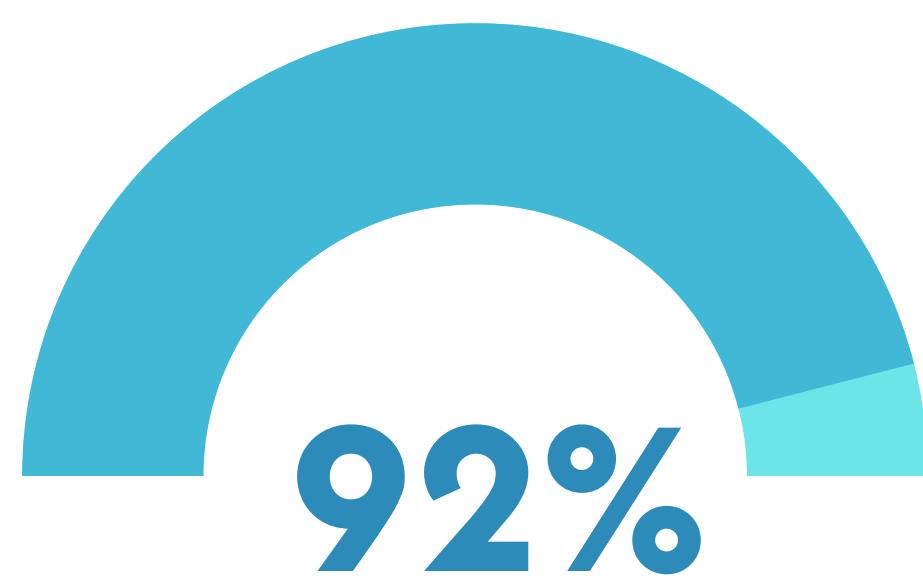
SECTION 2: INSIGHTS ON INVESTORS ALREADY INVESTING IN CREATIVE & CULTURAL SECTORS & INDUSTRIES

What type of Investment Instruments are being used by Investors

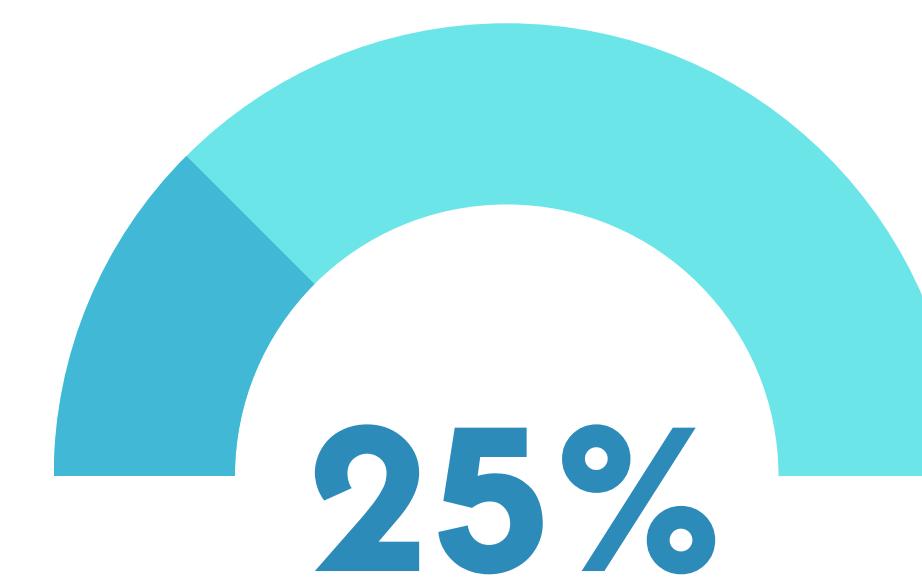
The majority of investments (92%) are being made as equity investment ie risk capital, with only less than 6% in debt instruments (loans). This reflects the overall profile of the investors.

However, 25% of investors are using convertible notes as part of their investing. Some investors are using other investment instruments which are unspecified.

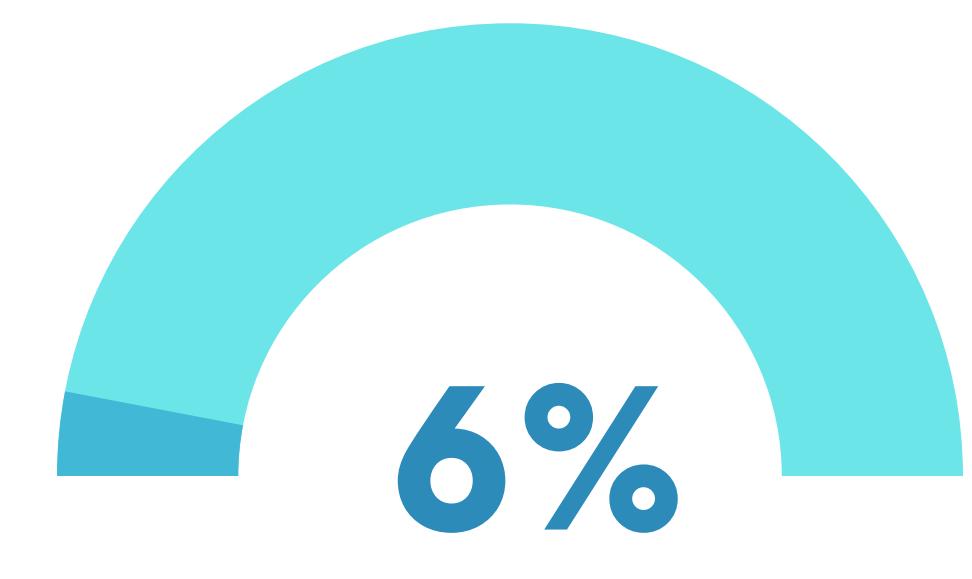
Equity



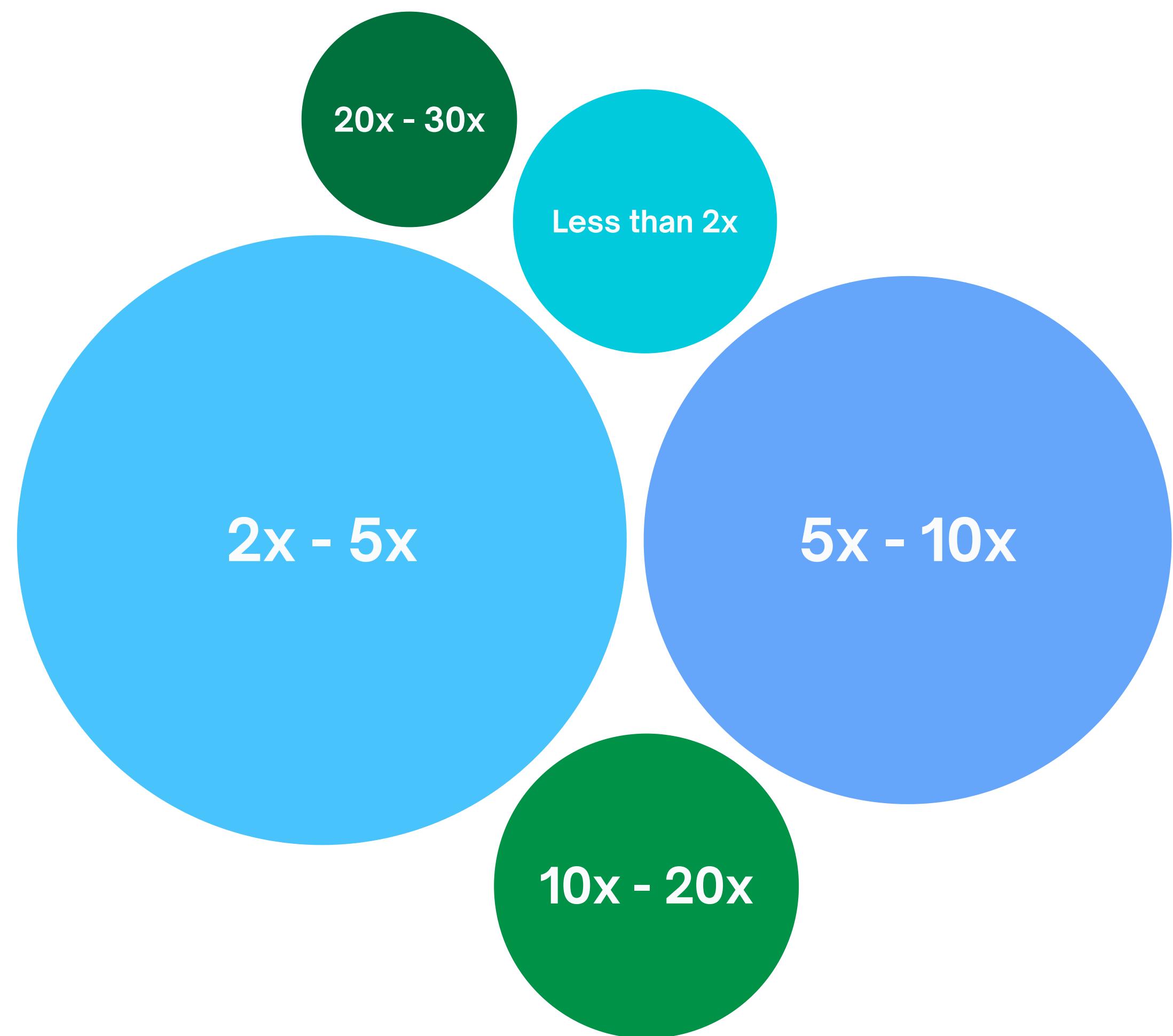
Convertible note



Debt



What Growth and Returns do investors receive or expect from backing CCSI



The majority of investors are expecting up to 10x return on their investments in CCSI, with 43% of investor expecting up to 5x and 32% expecting 5x-10x. This is within the expected norms of equity investors across all sectors.

However, a small number 8% expect less than 2x return. Only 10% of investors have an expected return of 10-20x, with only a minority (5%) having the optimism of a 20-30x return on their investment.

These expectations are likely to depend also on their portfolio size and experience of investing in the sector.

This will also reflect the stage in the growth journey of their investee businesses.

Many of the investor respondents are Angel and early-stage investors, with exits potentially taking up to 10-12 years to materialise. Whist those who are VCs making larger investments at later stage may expect lower overall multiples than Angels.

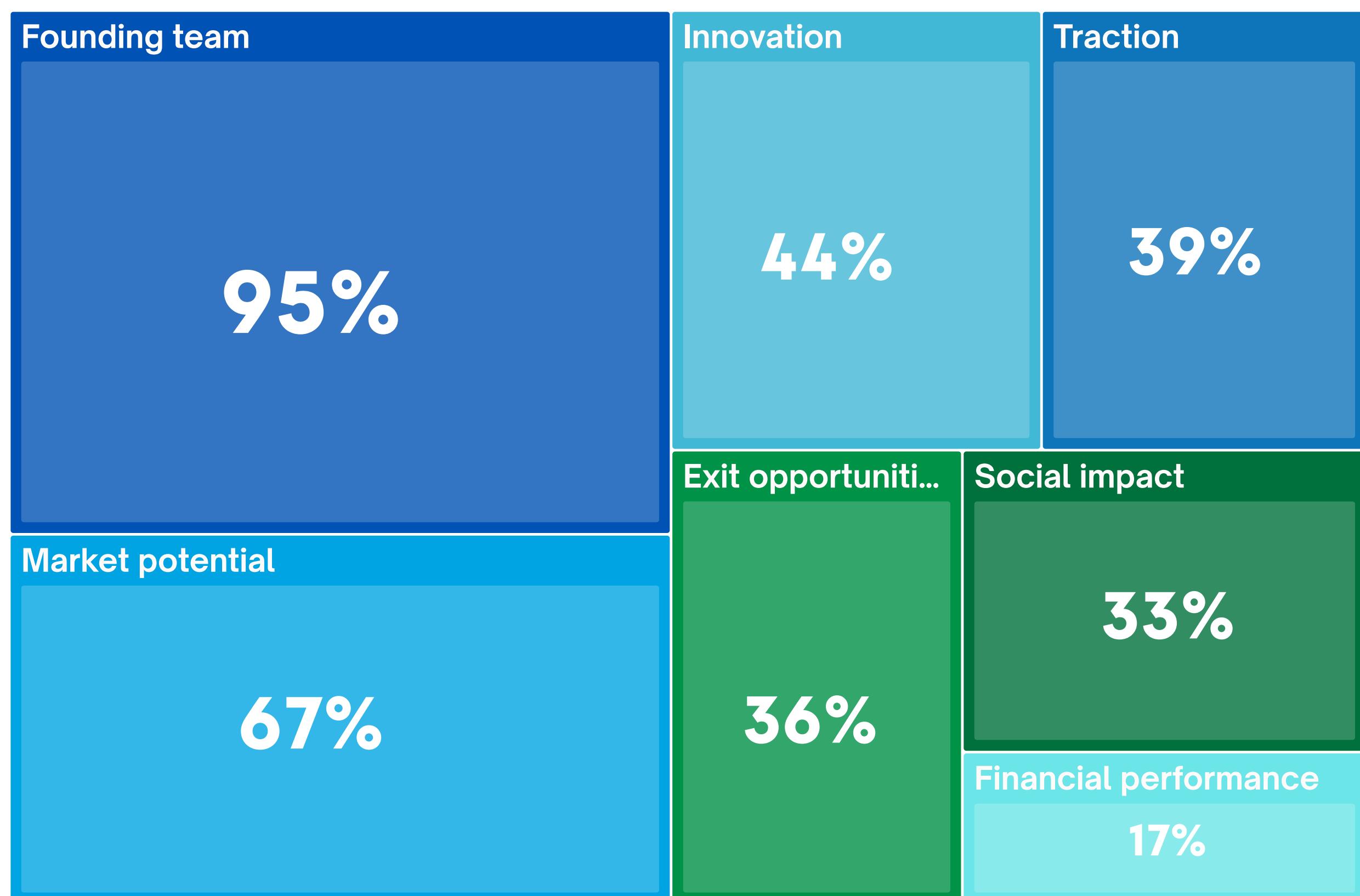
SECTION 2: INSIGHTS ON INVESTORS ALREADY INVESTING IN CREATIVE & CULTURAL SECTORS & INDUSTRIES

What are the key factors that influence and motivate investors to make an investment in a CCSI business?

Investors were asked to identify which factors they looked for in deciding whether to invest in a CCSI business. As for most investors investing at seed and pre seed, 95% of the investors identified the **quality of the Founding team** as the most significant factor in considering whether to make an investment in a CCSI business.

The **market potential** is the next most important factor for investors (69%), whilst innovation potential of the business is also a key consideration for many investors (44%). Investors are also seeking **evidence of traction** (39%) and clear **exit opportunities** (36%). The capacity to **make a social impact** is seen as important by a number of investors (33%).

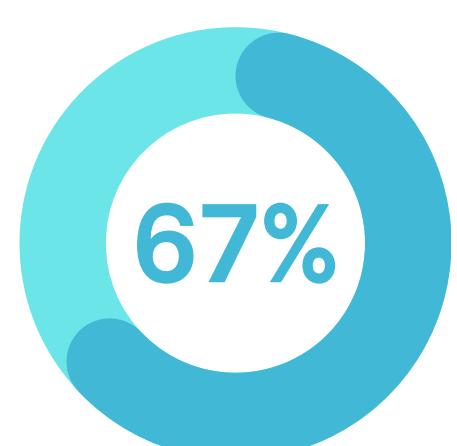
Finally, and perhaps surprisingly, **financial performance** was the least significant factor, with only 17% of investors identifying this as important. This may reflect the expectations of investors at pre-seed and early stage where CCSI businesses may potentially be pre-revenue generating.



SECTION 2: INSIGHTS ON INVESTORS ALREADY INVESTING IN CREATIVE & CULTURAL SECTORS & INDUSTRIES

What actions or services would incentivise investors already investing CCSI to invest more in the Sector?

Access to investment ready propositions



Face-to-face pitching



Sector specific reports



Industry webinars



Online pitching



Over two thirds of investors (67%) wanted to have access to a pipeline of more investment ready propositions from CCSI businesses. Alongside this, over half of the investors wanted to access more offline and online pitching and showcasing events presenting (investment ready) CCSI businesses. However, face-to-face pitching seen as marginally more useful (56%) than online (52%).

A significant proportion of investors (44%) were interested in participating in subsector-specific investment events. This includes pitches from CCSI businesses in specific subsectors and also access to expert insights through industry specific webinars, focusing on subsectors. There was also clear interest from investors (36%) in accessing more market intelligence on CCSI subsectors, notably receiving specific industry reports.

These responses indicate that many investors require access to more detailed and up to date knowledge and market information on specific CCSI subsectors to increase their understanding of the different CCSI opportunities and better inform their investment evaluations and decision-making.



SECTION 3: INSIGHTS ON INVESTORS WHO DO NOT CURRENTLY INVEST IN CCSI BUSINESSES

This section looks at the current perceptions of Investors who do not invest in CCSI, and why they don't currently invest and what more could be done to incentivise them to invest in CCSI.

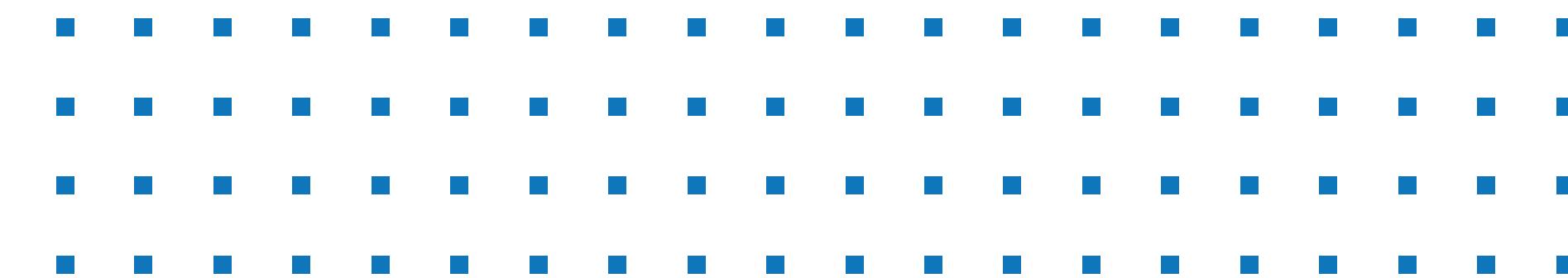
What key barriers and concerns do investors have in relation to investing in CCSI businesses?

The most significant barrier identified by investors for not investing in CCSI businesses or even not considering them, was their own lack of knowledge and understanding of the sector and its investment potential, with nearly half (47%) recognising this as a key factor.

A further issue was their lack of access to investment ready propositions from CCSI businesses, with over a third of investors identifying this as key barrier. Almost a third of investors (31%) felt that the lack of access to case studies and to successful growth stories and exit stories of CCSI businesses reinforced their perspective that there was low investment potential in backing CCSI.

Lack of access to market intelligence on the sectors or subsectors overall was also seen by some investors (23%) as a reason to undermine investors' capacity to understand business models, IP, or competitive position make relevant valuations on their growth and exit potential. A small number (4%) cited lack of Government initiatives to support CCSI, or knowledge of these in their own countries. This lack of awareness of support schemes or even relevant tax breaks has a direct impact on incentives to invest in the sector.

Main barriers



SECTION 3:INSIGHTS ON INVESTORS WHO DO NOT CURRENTLY INVEST IN CCSI BUSINESSES

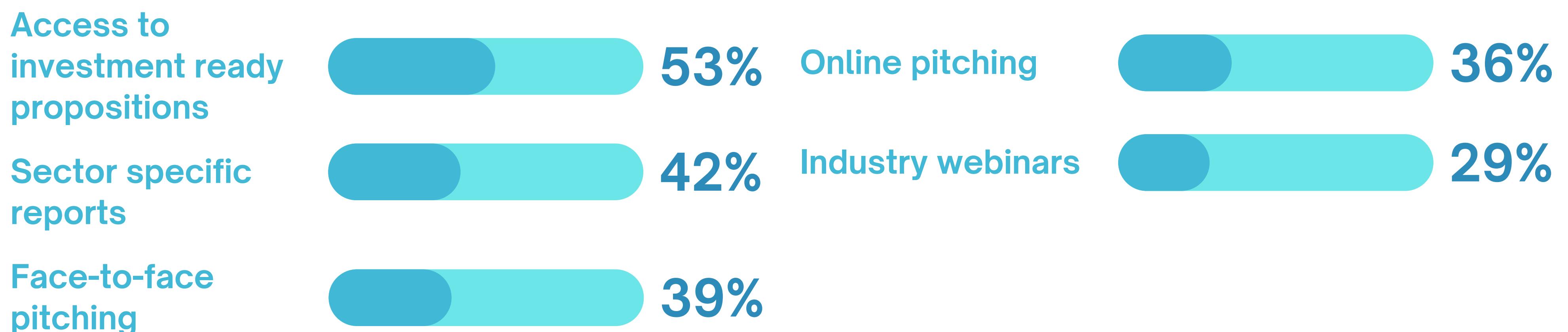
What would incentivise non CCSI investors to invest in the sector?

Based on the above stated barriers and challenges, investors were asked to identify what actions or services would encourage or enable them to consider making investments in CCSI businesses.

Just over half of the investors (53%), felt that access to a pipeline of curated investment ready CCSI businesses would be an important incentive to invest.

Following on from this, the opportunity to participate in both offline and online pitch events and showcases, was identified by 75% of the investors as an important means to increase their engagement with a range of curated deals in the CCSI sector.

The opportunity to participate in face-to-face pitch events was seen as marginally more useful (40%) compared to attending online pitches (36%)-and perhaps offers a more direct opportunity to directly engage with and get to know and understand the CCSI founding teams than more remote engagement online. However online events can be an efficient way to identify potential investments and then follow up directly.



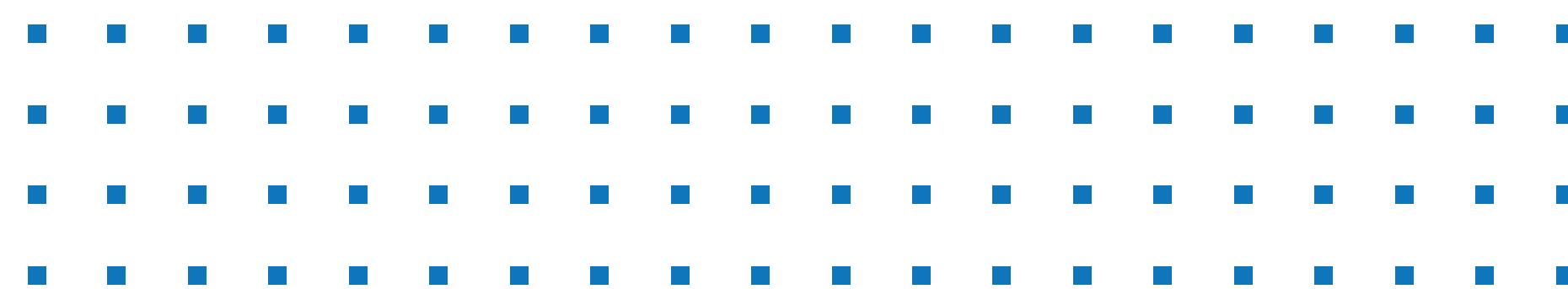
SECTION 3:INSIGHTS ON INVESTORS WHO DO NOT CURRENTLY INVEST IN CCSI BUSINESSES

There was clear interest among investors to increase their knowledge and understanding of the investment potential of the CCSI sector with 29% of investors interested in attending expert and industry webinars and notably to better understand the opportunities offered by different subsectors.

Investors also showed considerable interest (42%) in having access to sub-sector specific market reports and intelligence on the CCSI sector, including key market data, case studies and growth and exit stories.

This willingness among these investors not yet investing in CCSI to increase their opportunities for engagement with Investment ready CCSI investment propositions - and to gain a more in-depth understanding of the opportunities offered by the sector, is clearly encouraging, providing strong indications of actions that could be taken to incentivise investors.

However, we may need to consider that this also reflects a more open attitude from this pool of investors who were willing to engage in the Investor survey.



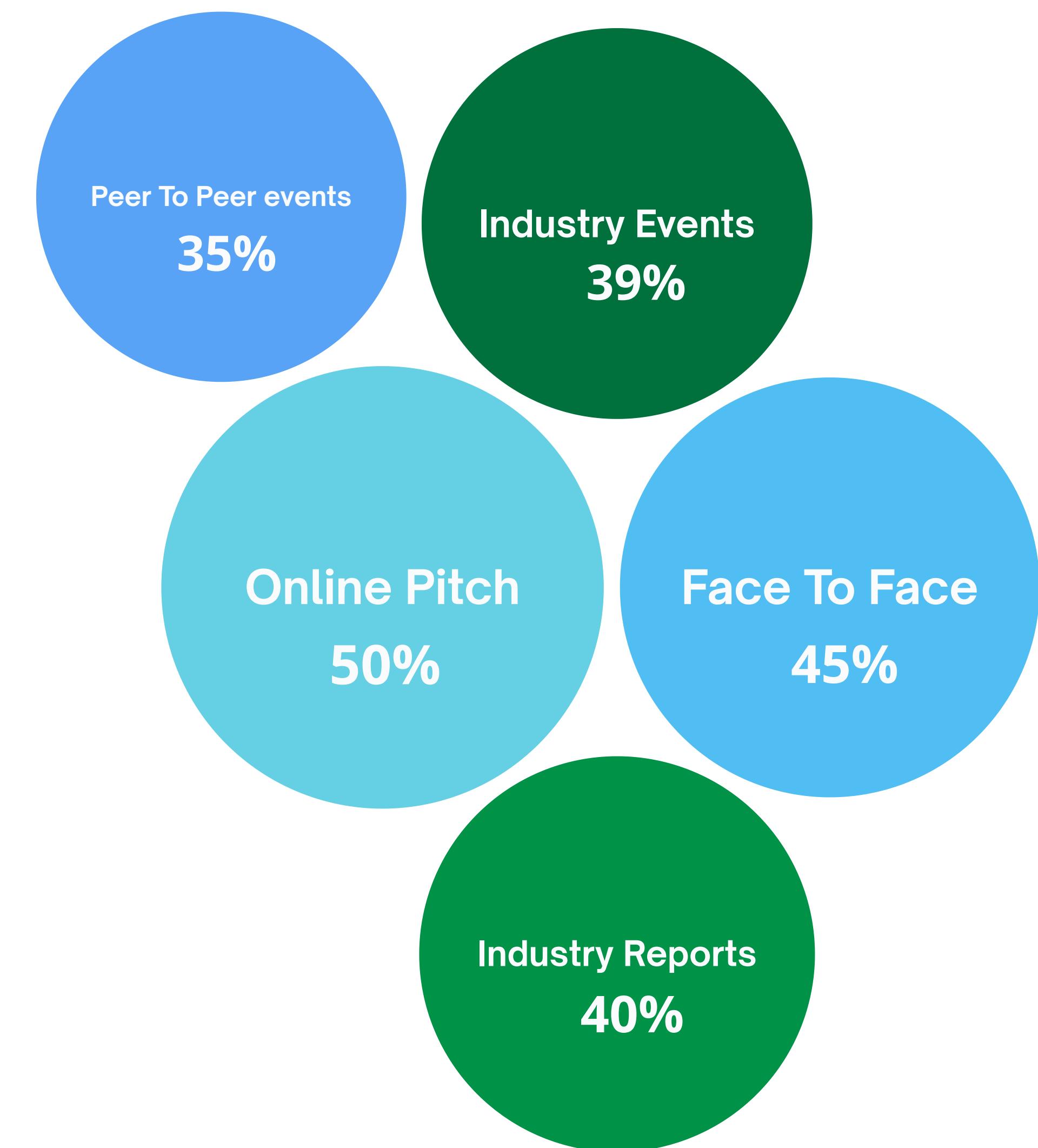
SECTION 4: THE ROLE OF EIT CULTURE & CREATIVITY IN FACILITATING MORE INVESTMENT IN CCSI BUSINESS ACROSS EUROPE

What initiatives and services offered by the EIT Culture & Creativity would investors engage in, both those investing in CCSI and those not yet investing in CCSI?

Over 71% of respondents across both those investing in CCSI and those not currently investing expressed interested in engaging with activities events and services organised by the EIT Culture & Creativity and which by definition would open access to a wider European opportunity. Of these, dedicated EIT Culture & Creativity Online pitches and Demo Days, presenting a curated group of CCSI businesses from across Europe focusing on specific subsectors, were the most popular activity that investors wished to engage in, with 74% preferring online events to 67% face to face .

Over half (52%) of the investors were interested in peer-to-peer educational webinars and 58% showed interest in engaging in specific sub sector focused industry events. 60% were interested in receiving industry reports on different subsectors and Euroepan countries.

Encouragingly, just over one third of the respondents were happy to share their contact details to enable them to be kept informed of EIT Culture & Creativity investor focused events and activities.



SECTION 5: ADDITIONAL FINDINGS FROM THE ONE-ON-ONE INTERVIEWS WITH INVESTORS

As a follow-on to the online survey, investors were asked if they would agree to do a structured one -on-one interview carried out on-line to gain more detailed insights into their approach to Creative & Cultural Sectors & Industries. The interviews offered an opportunity to explore more deeply the experience and backgrounds of the investors and their motivations to invest in the CCSI , or why they have not invested.

In total, **20** interviews were carried out. This included 15 investors that had already participated in the online survey. However, an additional 5 investors that had not participated in the online survey agreed to do a one-on-one interview. This enabled us to expand the reach of the data set, also to countries that had not been covered in the original online survey.

Geographic coverage for the 20 interviews was as follows:



SECTION 5: ADDITIONAL FINDINGS FROM THE ONE-ON-ONE INTERVIEWS WITH INVESTORS

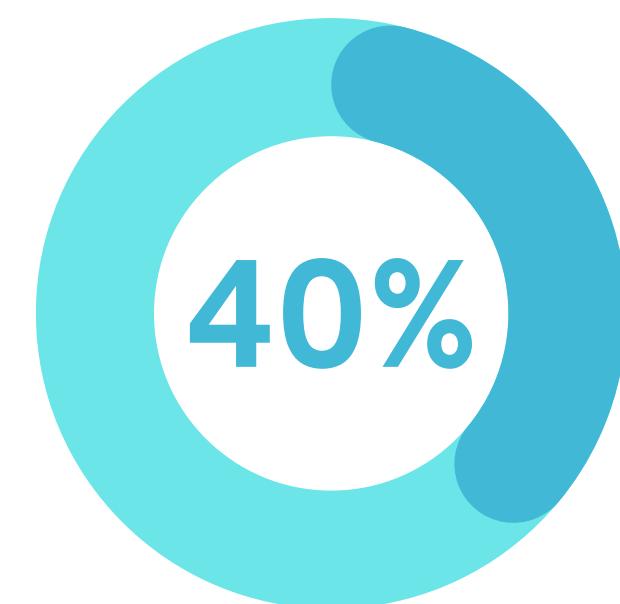
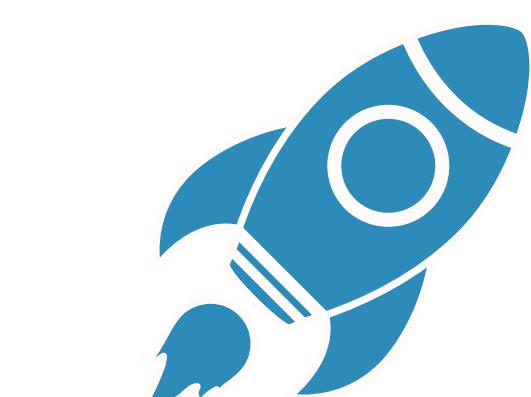
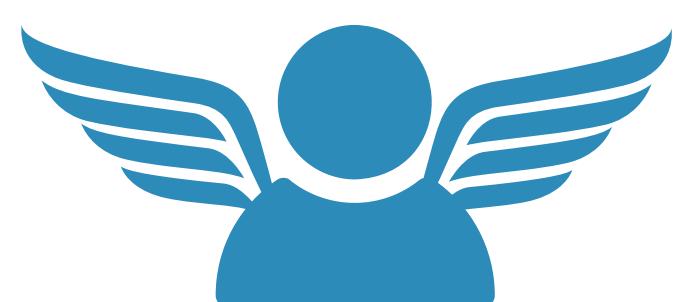
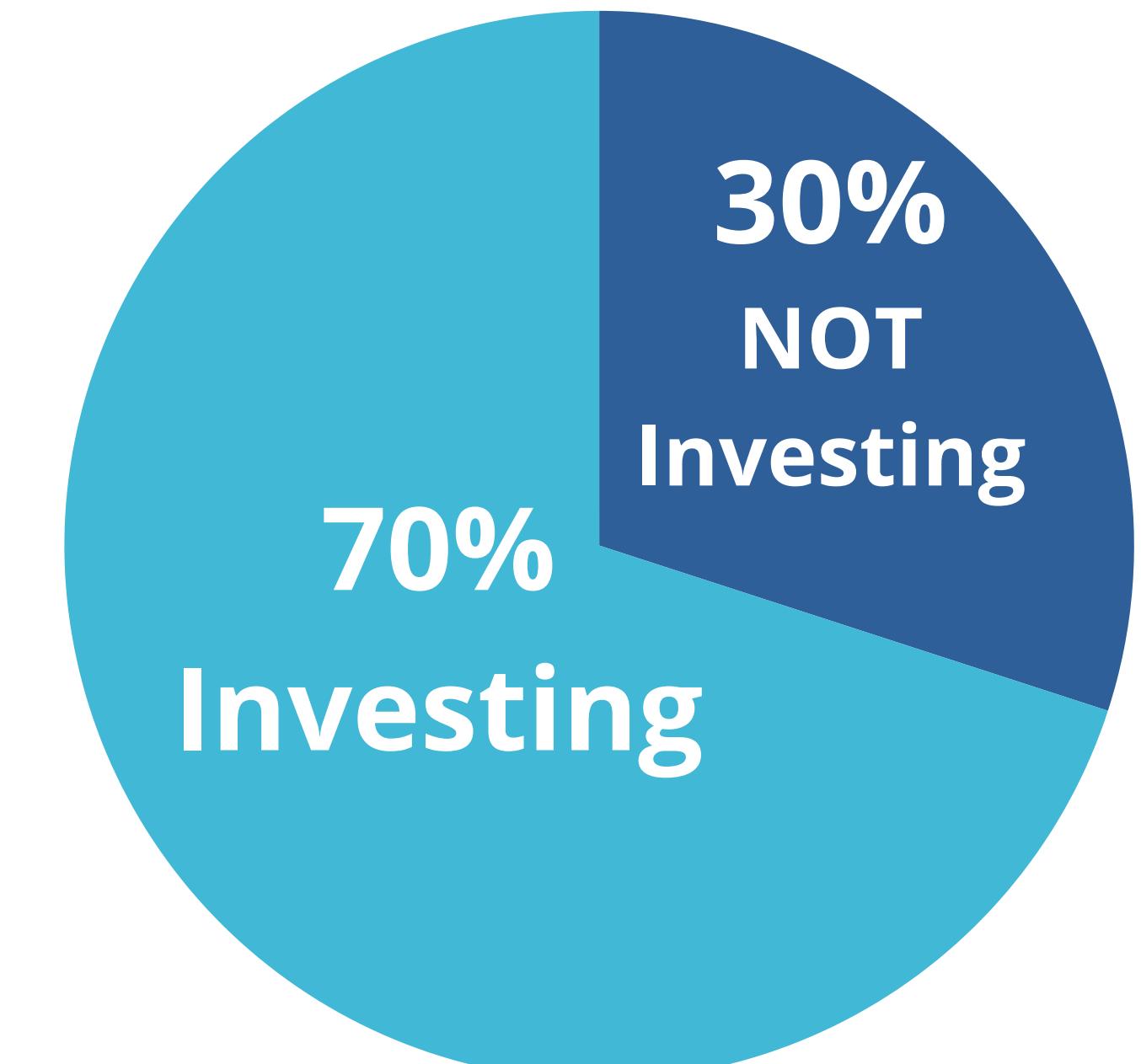
Key Characteristics:

Of the total 20 interviewed investors, 70% (14) were already investing in the CCSI and 6 not having made an investment in CCSI to date.

Only 4 (20%) of the interviewees were women; two investing in CCSI and two not investing in CCSI.

Of the 14 interviewed investors who were backing CCSI, 4 were VC investors, 1 was a Family Office, 9 were Angel Investors. In addition, 3 of the VC investors, also did their own personal Angel investing in CCSI.

Of the 6 interviewed investors who were not backing CCSI, 4 were VCs, 2 were Angel Investors.

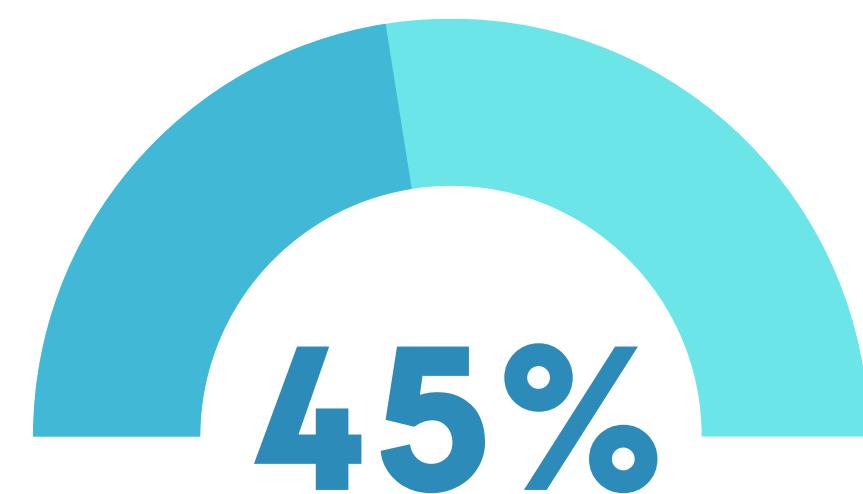


Backgrounds and Experience of the Investors backing CCSI

Industry experience



Entrepreneurial experience



Successful exit



Of the 14 investors already investing in CCSI, 70% (9) had existing or previous industry experience from working in CCSI, including such areas as film production, media and publishing, gaming fashion and design with over half of these also having backgrounds in tech and digital tech. One of the investors also had philanthropic experience relating to the Arts and Culture.

Of those not with direct background or experience in CCSI, the majority had backgrounds in tech, 2 had a focus on environmental sustainability and social impact (ESG).

In addition, 45% (9) of the interviewed investors already backing CCSI had entrepreneurial experience as founders/co-founders. and 6 of these (75%) had successfully exited their businesses. One had been part of a Gaming Unicorn which raised \$100m at \$3bn valuation 2022). Others were from consultancy/ advisory firms focused on CCSI.

SECTION 5: ADDITIONAL FINDINGS FROM THE ONE-ON-ONE INTERVIEWS WITH INVESTORS

CCSI subsectors where interviewed investors were investing:

In terms of subsectors and themes, those with existing CCSI industry experience tended to back the subsectors in which they had backgrounds or experience, although at least 60% of these also backed broader related subsectors.

- (6) Digital Media (including publishing; streaming; platforms)
- (5) Games- platforms, mobile and video
- (3) Film, TV and Video production, including AR and VR
- (2) Fashion – including fashion tech and sustainable fashion and luxury goods
- (2) Music – including platforms
- (1) Arts and Cultural projects
- (1) Theatre production

Several investors combined their CCSI investments with wider related subsectors or themes, such as sustainability and social impact, or alongside areas such as engineering and design, also AI, fintech, edtech and blockchain.

Only one of the investors interviewed had invested in Cultural projects as an Angel investor and which he identified as part of his own personal commitment to philanthropic investing, rather than his equity investment portfolio. One further VC investor had supported private sector cultural and artistic projects as a subset of their investment thesis in fashion, design and luxury goods.

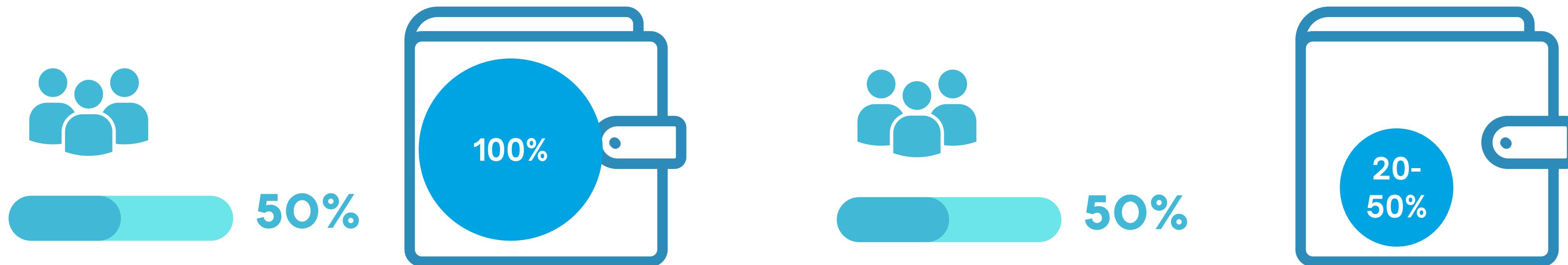
SECTION 5: ADDITIONAL FINDINGS FROM THE ONE-ON-ONE INTERVIEWS WITH INVESTORS

“Why do I invest? I was always interested in the impact of creativity as I consider it a crucial element for the entrepreneurial spirit. I believe that creativity is an enabler driver for all the spheres around the innovation ecosystem, not just for businesses that define themselves as creative industries - but this needs to be better explained by the industry”
(Italian Angel investor)

What proportion of the Investors' portfolio is CCSI

Of the 14 Investors in CCSI, 50% made all their investments (100%) in CCSI this was especially the case for the 4 of the 5 VC investors that had raised funds dedicated to investing in CCSI , but also 3 of the Angels, with one having built a syndicate of over 80 Angel investors entirely focused on investing in Games and another having built a syndicate focused on digital media.

Of the remaining investors in CCSI, Angel Investors had made between 20 and 50% of their investments in CCSI.

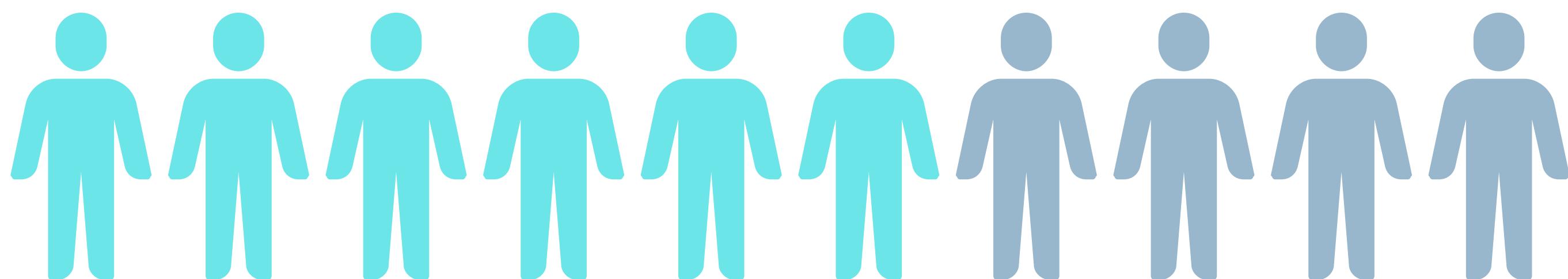


Where are they sourcing their CCSI deals:

Investors who were the most active in the sector (with more than 50% of their portfolio in CCSI), specifically relied on their own personal networks and trusted referrals to find their deals. Angels were sharing deals among their own syndicates; others used accelerator programmes and investor pitching events, whilst professional intermediaries were also a source of relevant deals.

The majority of the investors (70%) focused on sources in their own country to source deals and make investments , but 30% looked more widely. All of the VCs were operating both on a European and wider international level to source their deals and make investments. Whilst 5 of the Angel investors were operating through a cross-border group or syndicate - and this was particularly the case with Angels from less developed Angel markets and where deal flow was more limited.

Personal network and trusted referrals



SECTION 5: ADDITIONAL FINDINGS FROM THE ONE-ON-ONE INTERVIEWS WITH INVESTORS



At least one positive exit in the last 3 years



Perspective on Growth and Exits

80% of the investors had experienced at least 1 of their portfolios having significant growth with over half of the investors having more than 40% of their portfolio showing strong growth, whilst recognising the challenges of the current economic climate in terms of valuations and exit potential. Sectors such as Games and Digital media were identified as having the strongest growth.

30% (4) of the investors identified at least one positive exit achieved in their investments in CCSI within the past three years. These included the following sectors: Digital media, Games, Video and Design. 2 of these exits had been through an IPO (Games). 40% said they had businesses showing strong growth potential. 30% said that it was too early to see significant growth.

Awareness of regional/national initiatives supporting investment in CCSI industries

Tax incentives: For those investors already investing in CCSI, investors identified wider national tax reliefs for early-stage investors as the most significant incentive. This included the UK EIS and SEIS schemes, but also the tax schemes available in Italy, Spain, Germany, and the new emerging scheme for France were also mentioned. This particularly reflected the investors from the more developed Angel and early-stage markets. However, it was recognised that none of these schemes was specifically targeted at CCSI.

- **Co-Investment Funds:** In addition, several of the investors, both VCs and Angels, identified publicly supported regional and national Co-investment Funds as important incentives and leverage alongside VC and Angel investment including in UK, France, Netherlands, Spain.
- **Grants:** Some dedicated schemes focused on CCSI were also identified including grants focused on research and development, also some regional grants to CCSI for general business support and investment readiness and some infrastructure support

However, 90% of the investors already investing in CCSI felt that **there were not enough publicly funded schemes in Member States to incentivise investment in CCSI**. The exception were investors in the UK who felt that there was a strong and growing focus at Government level on increasing investment in CCSI. The majority of the investors already investing in CCSI felt that there was a need for **more dedicated public funding and tax reliefs targeted at CCSI sub sectors** to incentivise investors.

Not enough publicly funded schemes to incentivise investment in CCSI



What actions or measures could the EIT Culture & Creativity take to encourage investors in CCSI to invest more?

90% of existing CCSI investors felt that increasing access to investment-ready deals was important, but several commented that they wanted a more dedicated subsector focus on both the supply of deals and that investment readiness programmes needed to be less generic and more focused on the specific business models of different sub sectors.

Notably, 60% mentioned **dedicated sub sector specific Accelerator programmes at national/regional level** as an important means to ensure a supply of investment ready businesses and offering an opportunity for early engagements for investors with businesses on these programmes.

There was a strong interest in **access to both online and face to face pitch** events, with almost a 50-50 split on preference. Many wanted to see a wide spread of deals that could be easily presented online, but others preferred to meet entrepreneurs face to face where possible to better engage and connect with potential investment opportunities. However, the majority wanted to see **more dedicated subsector pitching events**, providing a more significant critical mass of potential deals and increasing efficiency for investors attending pitch events both online and face to face.

90% of existing CCSI investors also saw the benefit of **dedicated industry level market intelligence both webinars and access to downloadable data**. However, again needed to be focused on subsectors I and from respected players and experts from the specific subsectors at both industry and investment level. The majority wanted data updates covering national, European and International level (especially US) and aimed at both early stage and VC, growth and exits.

Overall, there was a clear preference for **peer to peer and expert webinars (90%) as a means to provide quick insights**, also infographics and case studies, recognising that lengthy reports would not be read.

SECTION 5: ADDITIONAL FINDINGS FROM THE ONE-ON-ONE INTERVIEWS WITH INVESTORS

CCSI Investors support the development of new European Funds for CCSI

All (100%) of existing investors in CCSI were supportive of the concept of developing dedicated CCSI funds at European level. Key reflections included, the need of considering that should not be one overall fund, rather **should be focused on different growth stages**. Several investors mentioned also the need to ensure that the CCSI Funds were designed to back scale-up and growth.

“We need to be able to provide investment for scale-up -we see too many top gaming business go to the US for series C and D funding. What is needed is a better growth funding supply chain to retain talent in Europe”
(Spanish Games investor)

Investors in more developed markets also felt that the funds needed to have a strong focus **on co-investment alongside existing VCs and Angel investors** in order to leverage and not to displace existing investors. However, investors in countries with less developed equity markets, identified the need to **develop targeted CCSI funds focused on market gaps and to support sector strengths** in individual countries or EU regions for example Games, Music and Film.

SECTION 5: ADDITIONAL FINDINGS FROM THE ONE-ON-ONE INTERVIEWS WITH INVESTORS

All the CCSI investors felt that the Funds should have a **strong focus on supporting cross-border and transnational investment and should also enable crowding in wider international investors.**

“Creative industries businesses lack opportunities for successful internationalisation the ETI CCSI needs to creates clear conditions to support transnational Co investment between investors to increase growth potential and as direct access to international market opportunities”

(CCSI Angel Investor, Sweden)

Several investors also identified the need to link the Funds to a platform for presenting and showcasing deal opportunities (see above). Investors also identified the role that Corporates could play in bringing funding and access to international market opportunities. They identified that the EIT Culture & Creativity should specifically develop cross industry links with corporates in order to create a better interface between CCSI and wider industry players.

There are huge opportunities to tap into Corporate VC funds and also to have them as LPs in the EIT Culture & Creativity fund, offering added value and strong channels for international expansion and links”

(UK Female VC)

SECTION 5: ADDITIONAL FINDINGS FROM THE ONE-ON-ONE INTERVIEWS WITH INVESTORS

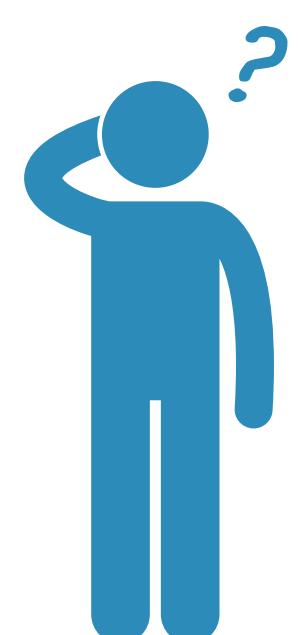
Experience and focus of Interviewed investors not backing CCSI

Of the 6 not investing in CCSI, 5 were VC investors and one was Angel investing. All of the 6 investors not investing in CCSI had a background in technology, with three of these coming from international consultancy or corporate finance experience, two were founders/co-founders of tech businesses that had successfully exited.

In terms of their existing sector focus, 60% of the VCs had a core **focus on deeptech**, including AI; 20% had an additional focus on medtech ; 10% on climate change and net zero; 10% on transport and mobility ; whilst the Angel investor had a more generic portfolio, but only businesses with a strong technological focus.



Deeptech focus



Lack of understanding 70%

What are the perceived barriers to investing in CCSI

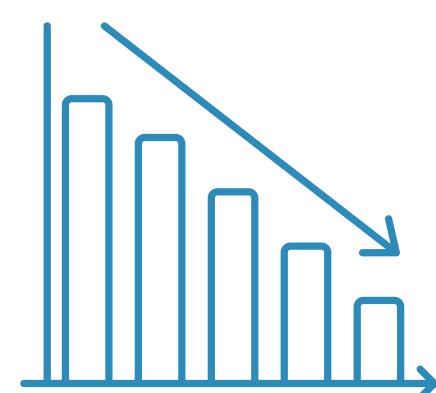
Only 20% said that founding teams lacked credibility, or growth ambition. However, 85% also said they have had little contact or engagement directly with CCSI businesses.

70% said that businesses lacked understanding of how to present their investment proposition to investors and how to be investor attractive

SECTION 5: ADDITIONAL FINDINGS FROM THE ONE-ON-ONE INTERVIEWS WITH INVESTORS

"It is very hard, for example, to invest in a movie and treat it as a slate of technology. You cannot predict if a movie will be successful or not as each must find its specific audience. Thus, there is no certainty that a movie will reach its financial performance. It is perceived as a riskier asset and there should be initiatives to reduce the risk"

(Spanish Angel)



**Perceived lack of growth
70%**

70% said that CCSI businesses lacked growth potential, combined with poor financial performance.

"There is a need for much more transparency in financial performance to attract investors; highlighting financial returns is crucial for attracting a broader investor base."

(UK Angel)

90% said that limited exit opportunities was also a key deterrent to backing the sector. Whilst, 60% also felt that CCSI businesses failed to sufficiently make use of technology, especially areas such as AI and consequently lacked potential for innovation or creating relevant IP.



**Limited exit opportunities
90%**

SECTION 5: ADDITIONAL FINDINGS FROM THE ONE-ON-ONE INTERVIEWS WITH INVESTORS

“A lot of times CCSI entrepreneurs are focused on valorizing the innovation only at marketing level missing the real opportunity to exploit the technology. There is a lack of business knowledge in the mindset of creatives (scalability of business model, unique value proposition, etc.). There are big growth opportunities in the CCSI but the education pathways around creativity are mainly oriented towards a self-employment or small scale businesses”

(Female VC Investor)

These investors nearly all stated (90%) that they lacked knowledge and understanding of the Creative & Cultural Sectors & Industries and lacked access to market intelligence and relevant data or details of growth and exits. At the same time, at least half felt that they were aware more about areas such as Games which had more growth stories and some stated awareness of the rise of digital media and areas such as video during the pandemic.

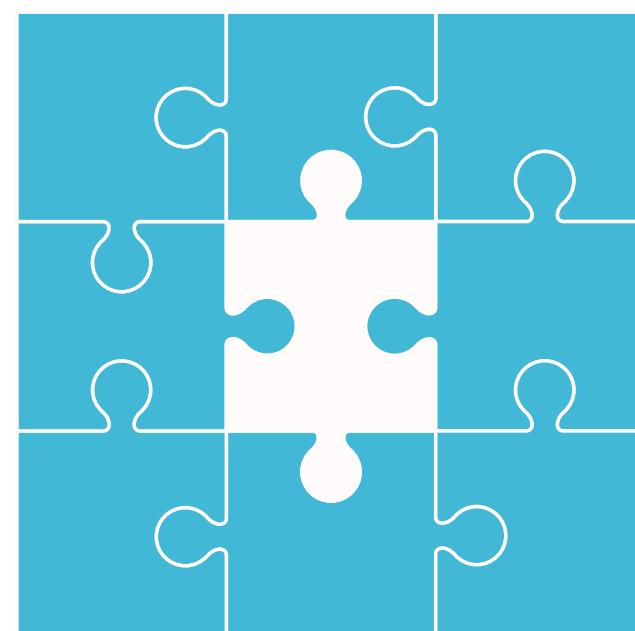
Overall, non CCSI investors said that the lack of a pipeline of investment ready propositions from CCSI businesses was of much less importance to them, since they felt they had access to sufficient levels of investment-ready opportunities within their own preferred sectors.

SECTION 5: ADDITIONAL FINDINGS FROM THE ONE-ON-ONE INTERVIEWS WITH INVESTORS

Lack of Awareness of regional/national initiatives supporting investment in CCSI industries

Significantly, 90% of the investors not currently backing CCSI businesses expressed a lack of awareness of publicly backed incentives to invest in CCSI and did not acknowledge the opportunities offered by investor tax reliefs or publicly backed co-investment funds as a potential incentive in the countries where these were in place (Investors in UK, Italy, Spain, France, Germany, Netherlands)

Nearly all of these investors also said that they had not informed themselves or sought out any information on any relevant regional or national dedicated business support schemes or investor incentives to invest in CCSI.



Lack of awareness of publicly backed incentives to invest in CCSI

90%

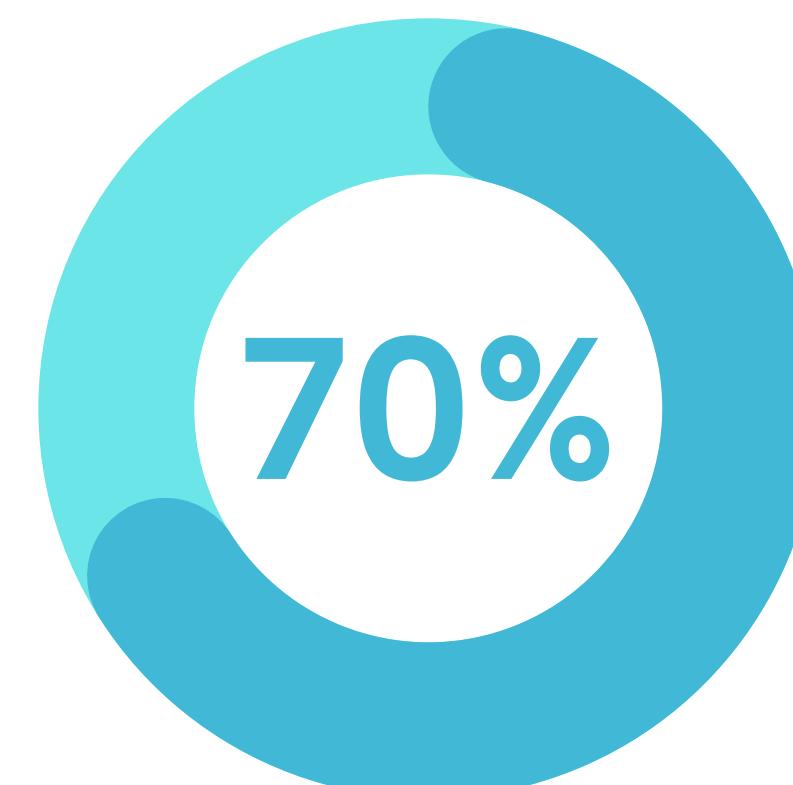
What do Investors not investing in CCSI need to encourage them to invest?

Most (90%) of investors not currently backing CCSI businesses, were concerned that **current investment readiness programmes would not increase the investment potential of CCSI businesses.**

70% felt that **more dedicated support and accelerator programmes** for CCSI would be required and focused on specific subsectors in order to attract their attention.

There was a strong preference (80%) for online pitching events, rather than face to face, as a means to access relevant investment propositions - and again wanted to see pitches that were focused on specific subsectors so that they could choose to attend events with a critical mass of potential opportunities.

**More Dedicated Support
and Accelerator
Programmes**



**Online Pitching
Events**



SECTION 5: ADDITIONAL FINDINGS FROM THE ONE-ON-ONE INTERVIEWS WITH INVESTORS

What do Investors not investing in CCSI need to encourage them to invest?

Access to **credible easily assimilated market data on specific sub sectors** was also preferred by these investors. 90% of the non CCSI investors **wanted access to growth and exit data including valuations and ROI data**. 50% also mentioned **access to benchmarking data with other sectors and geographies** to give them better understanding of where they could consider investing alongside their existing portfolio.

They were especially interested in **webinars** (80%) to give them **quick insights from recognised industry experts** and enabling them to pose specific questions. Hearing also from successful investors in the subsectors was especially important to this group.

Communication from EIT Culture & Creativity: 50% of the **non CCSI investors** said they would not wish to be on a general investor emailing list and would prefer to **opt into receiving information specific focused events or actions organised by the EIT Culture & Creativity, based on their already selected preferences.**

Access to Growth
and Exit Data



Industry webinars



Access to
Benchmarking Data



Would Investors not backing CCSI support the development of new dedicated European Funds?

50% of investors not currently investing in CCSI were supportive of the concept of developing dedicated CCSI funds at European level. They recommended that any Funds raised by private or public sources needed to be of a significant size to add a real boost to the market and needed to have a strong focus **on co-investment alongside existing VCs and Angel investors** in order to leverage and not to displace existing investors.

All the CCSI investors felt that the Funds should have a **strong focus on supporting cross-border and transnational investment and should also enable crowding in wider international investors**. Only one of those not investing in CCSI said **that they would consider investing into the Funds**, either as an LP or co-investor, once the terms and investment memorandum were made available.

"In my experience, a Fund that is dedicated to CCSI to be effective (looking at the attractiveness from LPs) must be more focused and not agnostic. Thus, EIT could consider splitting the resources among funds with a specific focus for sub-sectors/technologies. Maybe through a FoF approach where they are encouraging the birth of multiple funds across Europe in the CCSI".

Investors also commented that they did not feel that sufficient private money could be raised **to back Creative & Cultural Sectors & Industries and projects and there was a need for this sector to be supported by public funding** and also charitable and philanthropic sources and would need to be focussed **more on debt** in view of their capital needs.

RECOMMENDATIONS FOR ACTIONS AND NEXT STEPS BY THE EIT CULTURE & CREATIVITY PARTNERS

WHAT MORE CAN THE EIT CULTURE & CREATIVITY DO TO BOOST INVESTMENT IN
EUROPEAN CCSI BUSINESSES?

1. CAMPAIGN FOR MUCH GREATER AWARENESS OF THE BENEFITS AND IMPACT OF CCSI ACROSS ALL INDUSTRIES AND SECTORS

“EIT Culture & Creativity should engage with wider industries outside creative industries in order to leverage the economic opportunities for CCSI businesses and establish a wider awareness and increase investment in creative industries from a much wider group of investors currently focused exclusively on technology”
(Technology Entrepreneur and Angel investor, Romania)

2. DEDICATED ACCELERATOR PROGRAMMES TO BOOST THE PIPELINE OF INVESTMENT READY DEALS

3. PITCH PRESENTATION EVENTS OF CURATED SELECTION OF SUB-SECTOR SPECIFIC CCSI BUSINESSES

Nearly all investors expressed interest in attending Pitch presentations.

There was a fairly even split in preference for Online to Face to Face sessions, some liked the efficiency of seeing a wider range of deals across different countries online and others referred the opportunity to directly meet and engage with potential investment opportunities .However, nearly all investors expressed the need for these events to be sub sector specific to ensure a critical mass of deals presented. This would need to be a rolling programme of carefully curated deals to ensure investors sustain confidence in the quality of the deals.

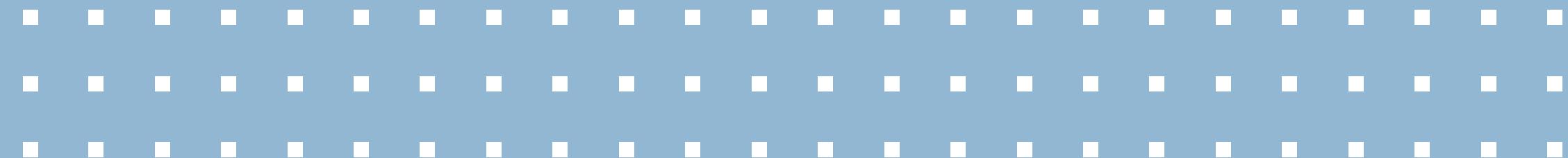
4. DEDICATED EUROPEAN-WIDE PLATFORM TO SHOWCASE CCSI DEALS

Investors (including existing CCSI investors and non CCSI investors) identified the opportunity for a dedicated platform to showcase deals, filtered by sub sectors, growth stage and EU region. This was not seen as transactional, but a means to expose investors to the widest range of opportunities in their subsectors of interest, support deal filtering, create economies of scale, and facilitate connections for cross-border investing and co-investing.

5. PROGRAMME OF ACCESS TO DEDICATED CCSI MARKET INTELLIGENCE FOR INVESTORS

All investors saw the benefit of EIT Culture & Creativity providing access to **dedicated industry level market intelligence, both webinars and access to downloadable data**. However, again this needs to **be focused on subsectors and data** from respected players and experts from the specific subsectors at both industry and investment level. The majority wanted data updates covering national, European and International level (especially US) and aimed at both early stage and VC, growth and exits . Non CCSI investors also requested benchmarking data with other sectors.

Overall ,there was a clear preference for **peer to peer and expert webinars (90%) as a means to provide quick and efficient insights**, supplemented with access to infographics and case studies, recognising that lengthy reports would not be read by busy investors.



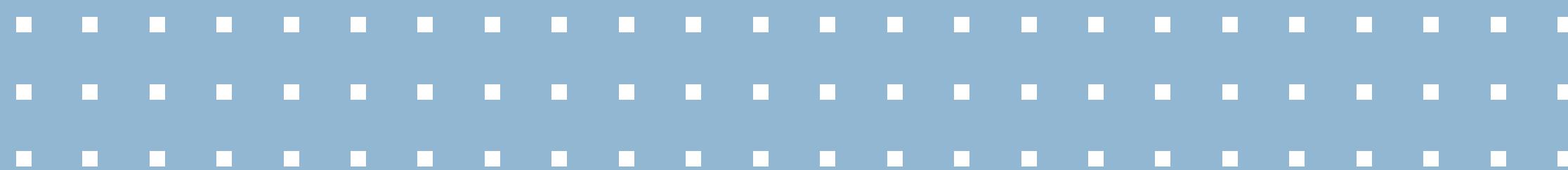
6. PROGRAMME FOR INVESTOR EDUCATION AND TRAINING ON CCSI

Several investors expressed the need for EIT Culture & Creativity to provide access to more dedicated educational materials and peer to peer learning to develop skills in investing in CCSI overall, for new investors, but more focused on sector specific knowledge to supportive evaluation, due diligence and decision-making . These could complement the Market intelligence webinars and materials but enable indepth knowledge and skills and increase effectiveness for investors , recruiting new investors and encouraging more investors to engage with CCSI from other sectors. This could draw on insights from existing CCSI sub sector investors across Europe and develop dedicated e-learning tools.

7. EUROPEAN-WIDE CCSI INVESTMENT COMMUNITY: DEVELOPING SUB SECTOR VERTICALS

Nearly all of the existing Investors in CCSI said that they would be interested to join a European-wide CCSI investment community. There was a strong interest in being part of sub **sector specific investment syndicates**, as a means to build transnational vertical investment communities in CCSI subsectors across Europe. None of the investors not currently investing in CCSI was interested in participating at this stage, but some said they may consider it based on specific events.

“We need to build European Vertical Investment communities around the subsectors and recruit more people from CCSI industry to provide leadership in mobilising deals”



8. CREATE BETTER CONNECTED COMMUNITIES OF CCSI INVESTORS FROM LESS DEVELOPED MARKETS WITH INVESTORS FROM MORE DEVELOPED INVESTMENT MARKETS STRENGTHENING KNOWLEDGE EXCHANGE AND OPPORTUNITIES FOR CO-INVESTMENT

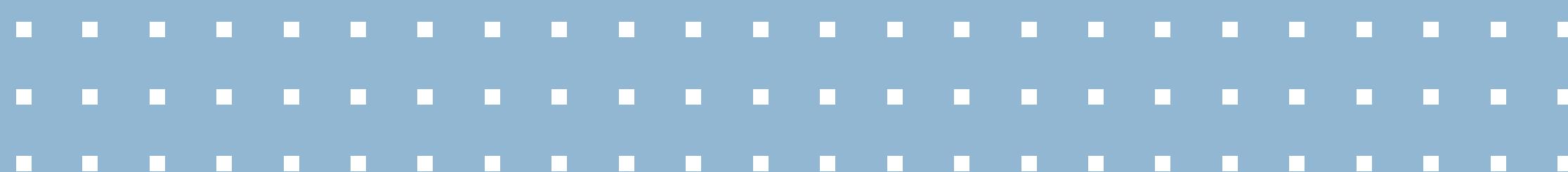
Whilst there was a low level of participation from CCSI investors from emerging markets, investors who did participate expressed the lack of organised structures for them to connect and co-invest in CCSI businesses and their interest in making stronger EU wide investor links.

9. NEW EUROPEAN FUNDS DEDICATED TO CCSI ACROSS GROWTH STAGES

Investors stated the need for a focus across the Supply chain, however a strong focus should be on dedicated funds for scale-up and growth.

Funds should be focused on individual sub sectors and with a focus on creating Vertical investment communities. Funds should focus on co-investment to leverage the potential for private investors and attracting international investment outside Europe. Funds should focus on stimulating and building cross border investments, with a strong focus on addressing underdeveloped investment markets in CCSI .

A number of the VCs and Angels in the one -on-one interviews expressed their potential interest to invest in these new Funds as investors and co-investors, based on terms and conditions.

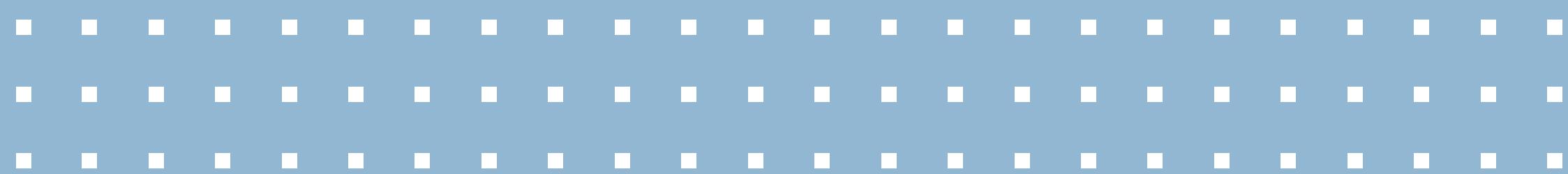


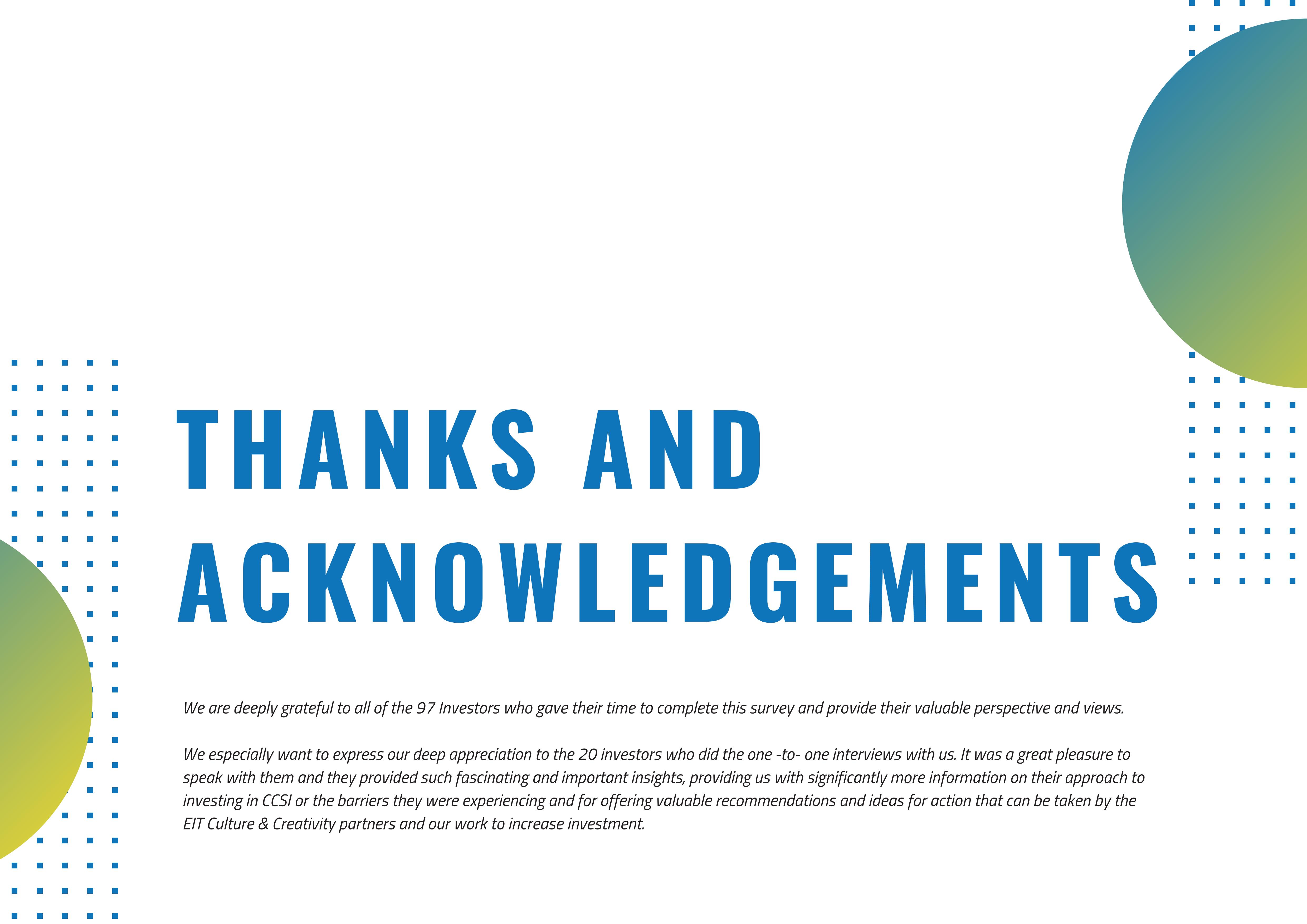
10. CREATE A SEPARATE BUT LINKED STREAM FOR INVESTOR ENGAGEMENT WITH CULTURE AND ARTS, MOBILISING A RANGE OF DIFFERENT INVESTMENT SOURCES, WHILST EXPLOITING OPPORTUNITIES FOR LEVERAGE OF STRONG LEVELS OF PUBLIC FUNDING BOTH AT REGIONAL, NATIONAL AND EU LEVEL.

The majority of investors in the research did not currently invest in Culture and Arts projects. Those who did, proposed that a separate focus needs to be made by the EIT Culture & Creativity if they are going to support both the cultural and creative sector in order to attract different kinds of investors .

However other investors identified also a clear role for the EIT Culture & Creativity to create scenarios for awareness and engagement to help investors explore further the connection between Creative & Cultural Sectors & Industries. This includes showcase events and links between sub sectors such as design This is currently being explored by one French VC interviewed who was creating showcases of fashion and design within Art galleries and museums, attracting High Net worth investors alongside VC funds.

On the other hand, several investors felt that EIT Culture & Creativity could not raise sufficient private money through its proposed Funds to back Creative & Cultural Sectors & Industries and projects and there was a need to leverage strong levels of public funding alongside debt and asset funds, philanthropic investors, Foundations and Family offices. Investors identified the need to encourage High Net Worth investors to consider investing in culture and arts projects and build connections with Wealth Advisors





THANKS AND ACKNOWLEDGEMENTS

We are deeply grateful to all of the 97 Investors who gave their time to complete this survey and provide their valuable perspective and views.

We especially want to express our deep appreciation to the 20 investors who did the one -to- one interviews with us. It was a great pleasure to speak with them and they provided such fascinating and important insights, providing us with significantly more information on their approach to investing in CCSI or the barriers they were experiencing and for offering valuable recommendations and ideas for action that can be taken by the EIT Culture & Creativity partners and our work to increase investment.