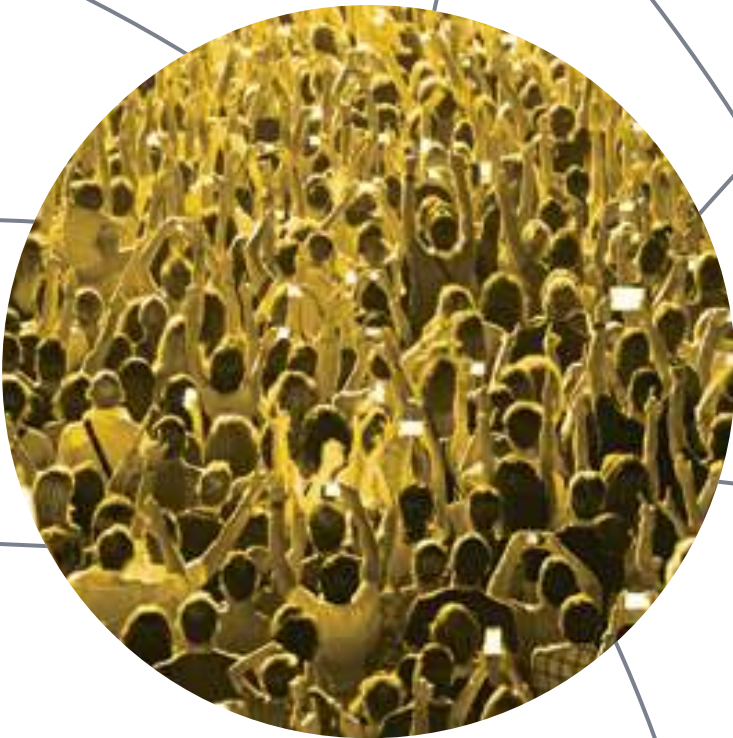
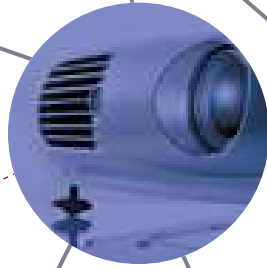


# THE IMPACT OF INTERNET REGULATION ON EARLY STAGE INVESTMENT



**FIFTH ERA**

*Advise, Develop, Invest*



THE IMPACT  
OF INTERNET  
REGULATION  
ON EARLY STAGE  
INVESTMENT

**Matthew C. Le Merle**

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November 2014

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### FIFTH ERA

*Advise, Develop, Invest*

Fifth Era is an advisory and investment firm based in the San Francisco Bay Area, USA. Working with the founders, executive teams and boards of our advisory clients we develop compelling strategies with an emphasize on executable plans – not lofty concepts that an organization can not make happen. Visit [fifthera.com](http://fifthera.com) to learn more about Fifth Era.



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language**intelligence**

## DESIGN

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This report was independently researched and written by Fifth Era with the oversight of Engine and the support of 1World Online, Research Now and Language Intelligence who assisted with the primary research. 3x3 created the design and produced the report. The project team also drew upon academic and public research and publicly available information which is detailed in the references and endnotes sections of this report.

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November 2014

# EXECUTIVE SUMMARY

IN 2014, WE SURVEYED 330 INVESTORS IN EIGHT COUNTRIES AROUND THE WORLD (AUSTRALIA, FRANCE, GERMANY, INDIA, ITALY, SPAIN, THE UK AND THE US) IN ORDER TO ASSESS THE DEGREE TO WHICH THE FUTURE LEGAL ENVIRONMENT MIGHT IMPACT THEIR BEHAVIOR CONCERNING INVESTING IN DIGITAL CONTENT INTERMEDIARIES (DCIs). (A DETAILED DESCRIPTION OF THE METHODOLOGY WE USED IS PRESENTED IN APPENDIX 1 AND THE DEFINITIONS OF SOPHISTICATED INVESTORS THAT WERE APPLIED IN EACH COUNTRY ARE PRESENTED IN APPENDIX 2).

In summary, the most important common themes that were consistently found in all eight countries are:

- **Legal Environment.** Globally investors view the legal environment as having the most negative impact on their investing activities with 89% of the investors surveyed saying it had a modest or strongly negative impact. A large majority of early stage investors around the world feel that the current legal environment has a more negative impact on their investing than either a weak economy or an increased competitive environment.
- **Regulatory Ambiguity.** When asked what it was about the legal environment that so concerns investors and impacts their investing behavior, the ambiguity in the current regulatory environment was identified as of significant concern. 88% of worldwide investors surveyed said they are uncomfortable investing in DCIs that offer user generated music and video given an ambiguous regulatory framework.

Given these perspectives regarding the legal environment and regulatory ambiguity, we then asked the investors what specific potential regulations would be of greatest concern.

- **Uncertain and Potentially Large Damages.** In all eight countries surveyed, early stage investors view the risk of uncertain and potentially large damages as of significant concern as they look to invest in DCIs. 85% agree or strongly agree that this is a major factor in making them uncomfortable about investing in DCIs.
- **Secondary Effects of IP Infringement Regulations.** The second area of consistent concern worldwide was secondary liability. Here lawmakers genuinely want to help in the fight against copyright infringement. However, focusing mainly on DCIs can have unintended consequences for investment - a danger particularly important for content creators given that DCIs are now driving a significant and growing proportion of revenue for the creative industries. We found that 78% of investors would be deterred from investing in DCI's that offer user uploaded music or video should new anti-piracy regulations increase the risk that their investments would be exposed to secondary liability in IP infringement cases.

These findings highlight the concern of many lawmakers that unintended consequences might result from potential new internet regulations. Our findings illustrate that there is a risk that potential regulations might greatly curtail or cut off capital from the early stage companies that are driving global innovation, GDP growth and new job formation.

THE WORLD RELIES  
UPON THE INTERNET,  
WHICH IS INCREASINGLY BECOMING

# MOBILE AND SOCIAL

→ More than **3 BILLION** use the Internet

→ **MOBILE** penetration is over **90%**

→ **SOCIAL** penetration is over **40%**

THIS IS ESPECIALLY TRUE  
WITH REGARD TO OUR USE OF

# CREATIVE CONTENT INDUSTRIES

ALL OF WHICH HAVE BEEN  
GOING DIGITAL  
AND RELY UPON DCIS

→ Music

→ Video, Film, and TV

→ Books

→ Social and photos

→ Blogs and news

EARLY STAGE INVESTORS  
BACK DCIS AND DRIVE THE

# INTERNET'S INNOVATION

→ Angels and VC's invested over **\$54bn** in US,  
and EU **\$7bn** in European start-ups in 2013

→ In the US, VC backed companies represent **11.87m** jobs,  
**21%** of GDP and over **\$3.1 TRILLION** in revenue

→ Early stage companies add **290,000** jobs each year in the US alone



FIFTH ERA'S STUDY SURVEYED INVESTORS  
WORLDWIDE TO SEE HOW POTENTIAL  
INTERNET REGULATIONS MIGHT

# IMPACT THEIR INVESTING

- **8 COUNTRIES** (Australia, France, Germany, India, Italy, Spain, UK and US)
- These countries represent **56% OF WORLD GDP**
- These countries represent **25% OF WORLD POPULATION**

## FIFTH ERA FOUND THAT

- **89%** of investors find the legal environment has a more **NEGATIVE IMPACT** on their investing than either a weak economy or an increased competitive environment
- **88%** say that regulatory ambiguity makes them **UNCOMFORTABLE INVESTING** in DCIs that offer user generated music and video
- **85%** agree or strongly agree that uncertain and potentially large damages **PUT THEM OFF INVESTING**
- **78%** are deterred from **INVESTING IN DCI'S** by the risk of secondary liability in IP infringement cases

## AS A RESULT

**REGULATORS NEED TO MAKE SURE THAT THEY CONSIDER THE IMPACT ON INVESTMENT WHEN INTRODUCING NEW INTERNET REGULATIONS SO AS TO AVOID NEGATIVELY IMPACTING NEW BUSINESS FORMATION, INVESTMENT, INNOVATION, JOBS AND GROWTH**



# INTRODUCTION

LESS THAN THREE DECADES AGO FEW WOULD HAVE BEEN ABLE TO IMAGINE JUST HOW DIFFERENT THE WORLD WOULD BE TODAY. THREE DECADES AGO, WE WERE LARGELY UNCONNECTED FROM ONE ANOTHER; IT TOOK TIME TO CREATE, SHARE OR FIND DATA AND CONTENT, AND WE RELIED UPON PHYSICAL MEANS TO DO SO. COMPANIES AND INDUSTRIES RELIED UPON APPROACHES TO INNOVATE, MANUFACTURE, MARKET AND DISTRIBUTE THEIR PRODUCTS THAT HAD IN SOME CASES GONE UNCHANGED FOR MANY DECADES. INFORMATION WAS TO BE FOUND IN LIBRARIES, ARCHIVES AND DESK DRAWERS - IF YOU KNEW WHERE TO LOOK. IN JUST TWENTY YEARS, ALL OF THAT HAS CHANGED. TODAY WE ARE CONNECTED, INFORMATION IS BROADLY AVAILABLE AND EASY TO FIND, INNOVATION IS QUICK AND ITERATIVE, AND INNOVATORS ARE ABLE TO ACCESS THE LATEST TECHNOLOGIES AND TOOLS WHEREVER THEY ARE ACROSS THE GLOBE. TODAY, MOST COMPANIES CONDUCT THEIR BUSINESSES IN FUNDAMENTALLY DIFFERENT WAYS, PROVIDING CHEAPER, BETTER AND FASTER PRODUCTS TO THEIR CUSTOMERS. AND THIS IS ONLY THE BEGINNING, AS NEW TECHNOLOGIES CONTINUE TO EMERGE AND BUILD UPON THE FOUNDATIONS LAID OUT WITH THE CREATION OF THE INTERNET JUST THREE DECADES AGO.

Given this rapid pace of change regulations can have a hard time keeping up with the state of innovation. For regulators, it can be hard to foresee the unintended beneficial or adverse consequences of their decisions regarding which regulations to change or introduce, and yet inaction can also have negative impacts on innovation, particularly in the technology sector.

Additionally, information blind spots exist in many areas, especially when they are emerging and/or rapidly undergoing change, such as the technology sector. In these cases, it is very difficult and time consuming to formulate legislation, and hard to consider and evaluate all potential consequences.

Early stage investing is a leading example of an area facing this information deficit, but in the midst of regulatory discussion and evaluation. Most countries are clear on the important role that innovation, entrepreneurialism and new business formation have on driving gross domestic product (GDP) growth and jobs; various studies have been conducted by others, some of which are referenced in this report. The conclusions suggest that, in every innovation-based economy worldwide, and in most traditional economies, the early stage of business formation is one of the greatest drivers of GDP and employment. It is equally well understood that capital availability is central to the

effective development of an innovation based economy reliant upon the formation and growth of new technologies and the businesses that bring these technologies to market. However, very few studies impart quantified assessments of what drives the investment decision-making of the investors that provide that capital.

This absence is the fundamental rationale for this 2014 study conducted by Fifth Era with the support of Engine Research Foundation. Rather than ignore the potential consequences of regulation on the behavior of early stage investors, we believe that it is more constructive to test likely behavior change by conducting periodic surveys of investors around the world. We have done this by surveying early stage investors in eight countries - Australia, France, Germany, India, Italy, Spain, the UK and the US. Together, these countries represent 56% of the world's GDP, 70% of the European Union's (EU) GDP, and 26% of the world's population (*see Exhibit 1*). The countries are also similar in that the majority of their industries are reliant upon emerging businesses and technologies to drive future growth.

# 1

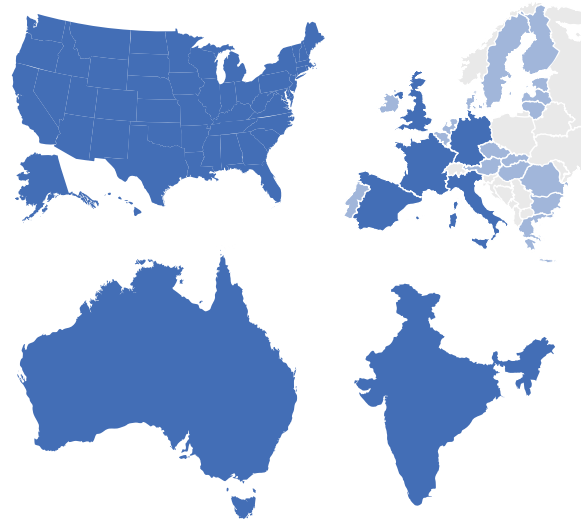
## THE EIGHT COUNTRIES IN OUR SURVEY REPRESENT 56% OF THE WORLD GDP AND 70% OF EU GDP

Global Survey Focus Countries

Countries	Population (millions)	GDP (Billions USD)
India	1,249	\$1,875
United States	319	16,245
Germany	82	3,108
France	63	2,438
United Kingdom	62	2,119
Italy	61	1,928
Spain	47	1,310
Australia	24	1,564
Remaining Countries	5,283	1,254
	<b>7,190</b>	<b>71,830</b>

Surveyed Countries represent a population of **1,846M (25% OF WORLD)** and a GDP of **\$40,163 (56% OF WORLD)**

**74% OF EU POPULATION**  
**70% OF EU GDP**



■ Focus Countries  
■ Rest of EU  
■ Out of Scope

Sources: Eurostat, Datamonitor  
Analysis: Fifth Era

In each country we used the local definition of a “sophisticated investor” as the basis for deciding who was eligible to participate in the survey (*see Appendix 2*). We then fielded the same survey in all eight countries ensuring that we had consistency across countries and to ensure that we were able to collect quantitative data on relevant regulatory issues which are high on the global, as well as the local, agenda. We supplemented the surveys with one-on-one interviews with angel investors and venture capitalists (VCs) to ensure proper interpretation of the findings. In total, more than 330 investors participated in the study.

The findings of Fifth Era’s 2014 study of the “Impact of Internet Regulations on Early Stage Investment” are presented in this document. We believe that they provide perhaps the broadest quantification of how such regulations might affect investor sentiment in the eight countries surveyed, and, as such, we hope that this contribution will be beneficial to policy and law makers confronted by the complex and challenging task of establishing the rules by which the future of human endeavor will be played.

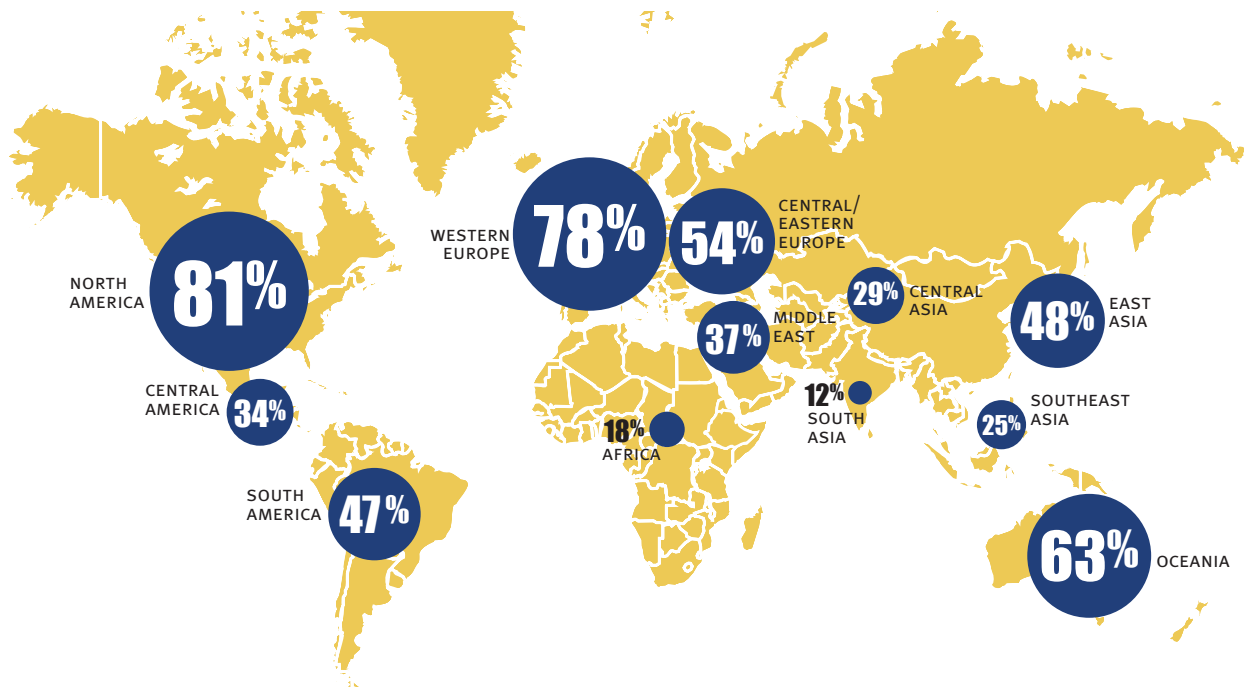
# 1

# THE INTERNET'S CONTRIBUTION TO GLOBAL GROWTH

SINCE ITS CREATION AS A RESOURCE FOR A HANDFUL OF SCIENTISTS, THE INTERNET HAS GROWN TO BECOME AN ESSENTIAL INSTRUMENT FOR NEARLY 3 BILLION USERS WORLDWIDE<sup>1</sup>. TODAY, MOST INDUSTRY SECTORS HAVE BEEN SUBSTANTIALLY TRANSFORMED BY THIS RAPID AND UNPRECEDENTED EXPANSION; MUSIC, VIDEO, SOFTWARE, NEWS, BOOKS, AND EVEN MONEY MARKETS HAVE BEEN RESHAPED. HUMAN INTERACTIONS HAVE TAKEN ON A NEW NATURE AS INDIVIDUALS USE THE INTERNET TO GATHER INFORMATION AND EDUCATE THEMSELVES, GO ABOUT THEIR WORK, NETWORK SOCIALLY AND ENTERTAIN THEMSELVES AND OTHERS. THESE CHANGES ARE PRESENT AND RELEVANT IN EVERY REGION OF THE WORLD, MAKING THE INTERNET A TRULY GLOBAL, AND INCREASINGLY INFLUENTIAL, PHENOMENON (SEE EXHIBIT 2). WHILE THE PROCESS OF CHANGE GENERATED BY THE GROWTH OF THE INTERNET AND THE EMERGENCE OF NEW TECHNOLOGIES HAS BEEN SWIFT AND SWEEPING, IT IS NOT COMPLETE; SUBSTANTIAL BENEFITS ARE STILL TO BE CAPTURED.

## 2 INTERNET PENETRATION BY REGION

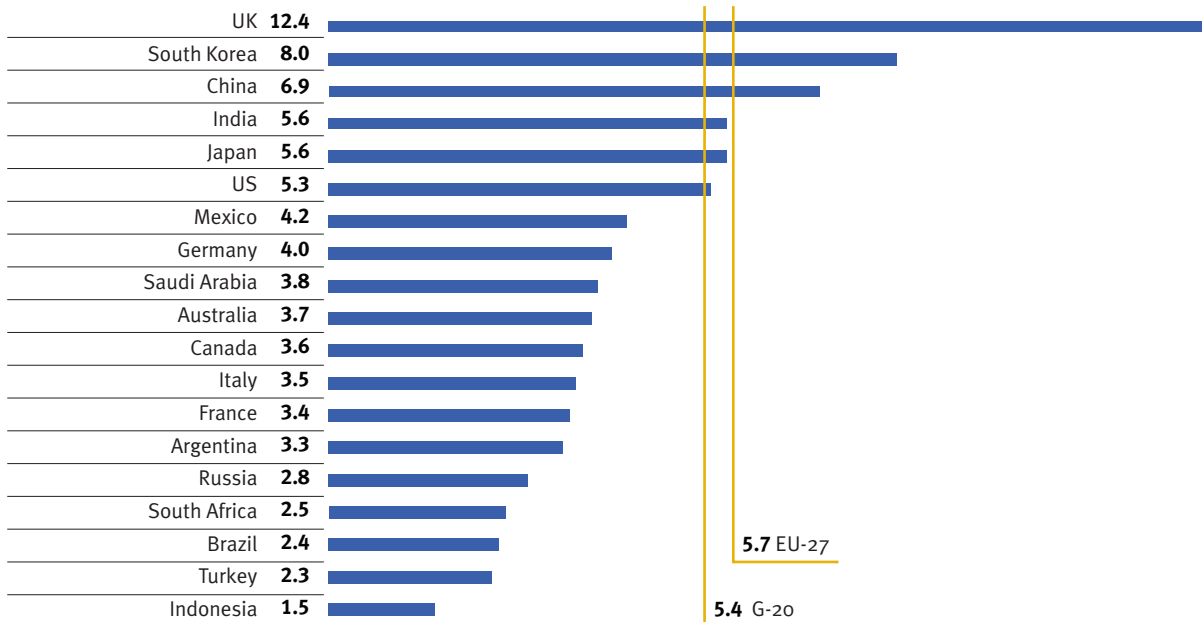
2014



Sources: US Census Bureau, InternetWorldStats, CNNIC, Tencent, Facebook, ITU, CIA

The Internet creates a tremendous amount of value for the economy globally, substantially impacting GDP in most countries (see Exhibit 3).

### 3 INTERNET ECONOMY AS A PERCENTAGE OF 2016 GDP



Sources: BCG Analysis; Economist Intelligence Unit; Organization for Economic Co-operation and Development (OECD)

In fact, the Internet contributes more to GDP than education and agriculture, two industries that are often highlighted in political and decision-making agendas (see Exhibit 4)

### 4 CONTRIBUTION OF SELECTED SECTORS TO GDP

2009



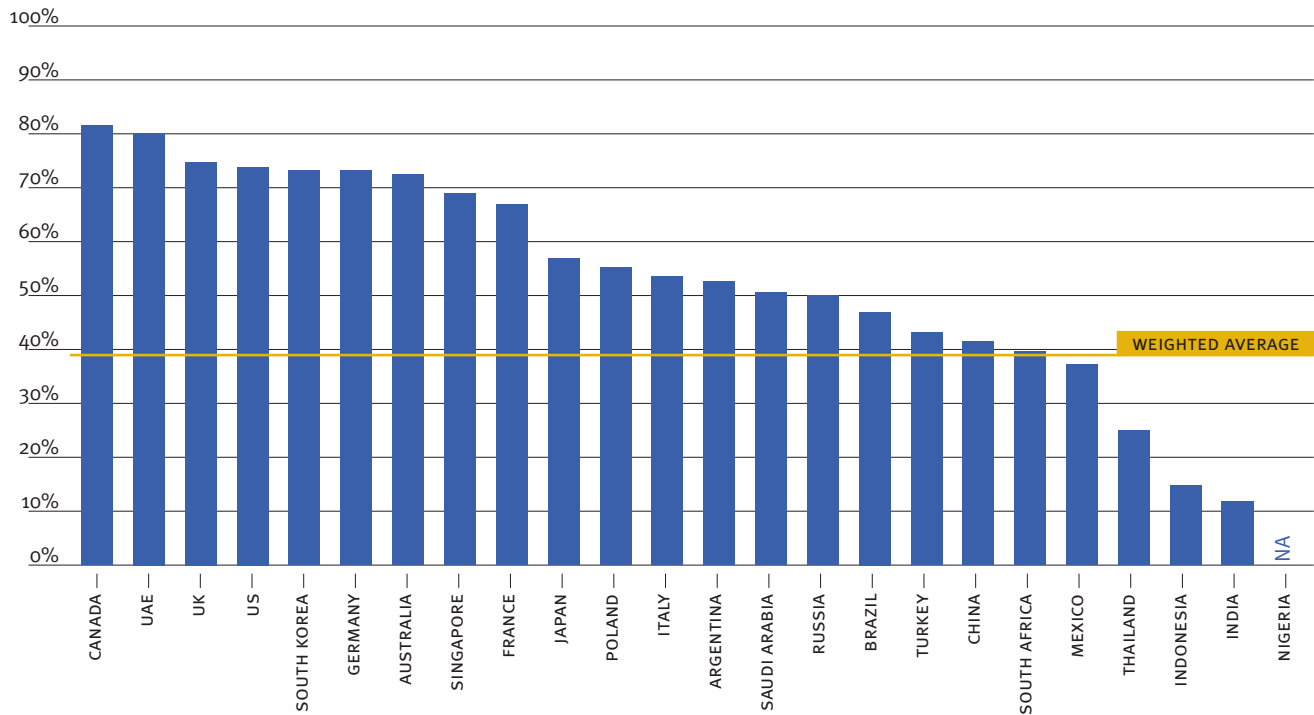
Note: Figures represent the following 13 countries that account for 70 percent of global GDP: Brazil, Canada, China, France, Germany, India, Italy, Japan, Russia, South Korea, Sweden, the United Kingdom, and the United States.

Source: Organization for Economic Co-operation and Development (OECD)

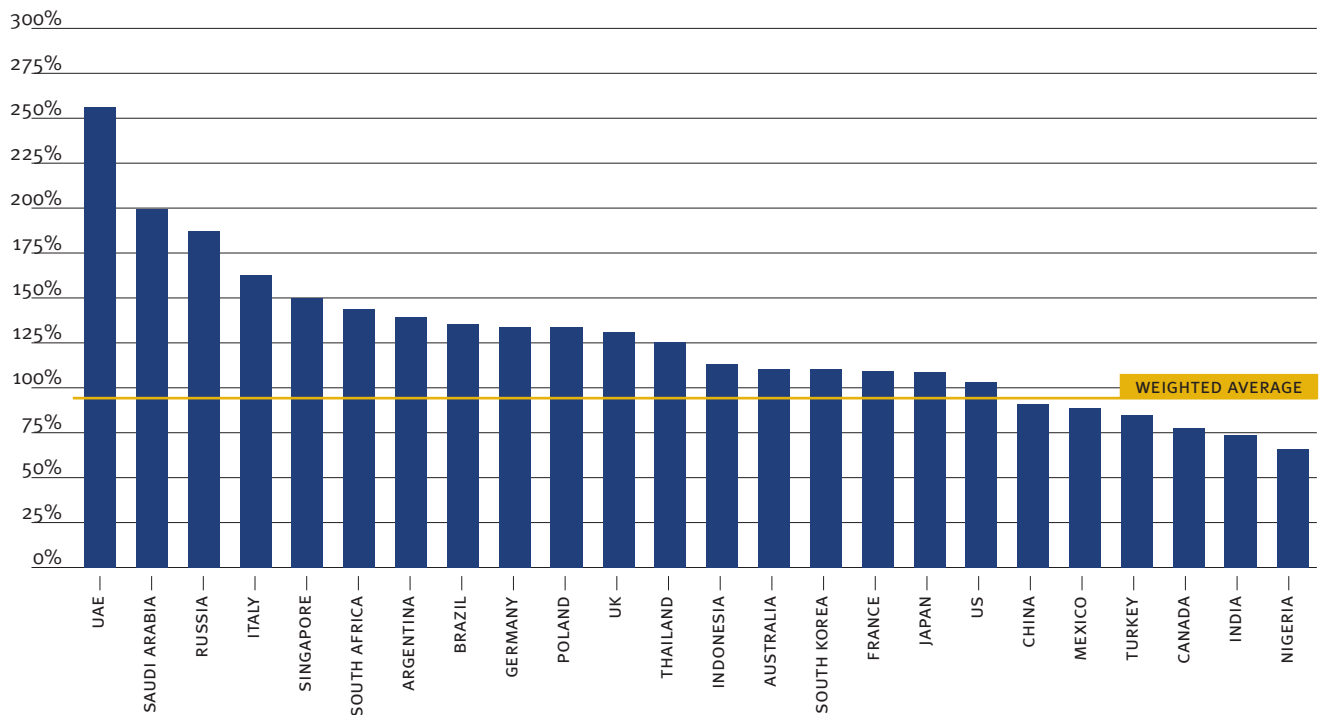
Fast-emerging technologies are expected to drive Internet growth into the future; cloud services and mobile Internet, in particular, enable ‘everything/everywhere’ data access and pave the way for new services and applications. The proliferation of 4G and new higher speed technologies are especially important as they enable this data access and support social networking (see Exhibit 5), the cloud and mobility; the proportion of the global population covered by a mobile service of at least 3G standard rose from 12% in 2008 to 22% in 2012; 3G is active in

181 countries, and 4G in 63 countries resulting in substantial increases in the penetration of the world’s population by mobile devices (see Exhibit 6)<sup>2</sup>. In the midst of all this growth, investment in technology companies that leverage breakthroughs and innovation will become paramount to supporting momentum, and the jobs and innovation that result from Internet growth. As the Internet continues to evolve, and its influence increases, further capital investment will be needed to support growth.

## 5 SOCIAL PENETRATION BY COUNTRY – JAN 2014



Sources: US Census Bureau, InternetWorldStats, CNNIC, Tencent, Facebook, ITU, CIA, Global Web Index



Sources: US Census Bureau, InternetWorldStats, CNNIC, Tencent, Facebook, ITU, CIA, Global Web Index

At its outset, the Internet did not attract much attention from policy-makers and regulatory bodies. Its technological complexity and the unprecedented speed of development made it difficult to monitor and manage, and regulators wisely decided to watch and understand before taking regulatory action. But as the Internet continues to permeate markets and transform human experience, the question of regulation is pushed to the forefront; looking forward, continued Internet growth and impact which depend upon ongoing capital investment are likely to be greatly affected by changing regulatory decisions with unknown consequences.

Policies and regulation become particularly important at the intersection of the Internet and early-stage capital investment. The continued growth of the Internet requires new companies to emerge and fuel the innovation process. These companies rely on early-stage capital, largely from private markets, to survive. Angel investors and VC firms are tremendously important as risk-takers and advisers who can provide the money and support needed to help these small businesses thrive. But early stage investment capital is fragile and sensitive to regulatory change. This underscores the need to better understand how prospective regulatory changes might impact upon the decision-making of early stage investors and the degree to which they are encouraged, or deterred from investing.

Indeed, these considerations should perhaps be major shapers of future directions of policy and regulation given the potential for significant unintended impacts on innovation, GDP and job growth.



# 2

# EARLY-STAGE CAPITAL FUELING THE INNOVATION ENGINE

IN ORDER TO UNDERSTAND THE POTENTIAL IMPACT OF THE REGULATORY ENVIRONMENT ON EARLY-STAGE INVESTMENT ACTIVITY, THIS STUDY FOCUSES ON THE BEHAVIOR OF EARLY STAGE INVESTORS – ANGEL INVESTORS AND VCS. THESE INVESTORS PLAY A CRITICAL ROLE IN THE INNOVATION PROCESS BY PROVIDING CAPITAL TO NEW COMPANIES THAT OTHERWISE WOULD FIND IT DIFFICULT TO SECURE FUNDING: IT IS THIS EARLY-STAGE CAPITAL THAT FUELS THE INNOVATION ENGINE.

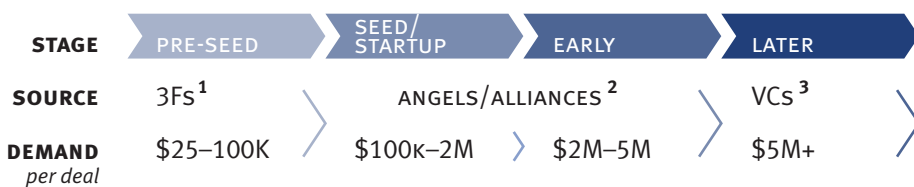
Investors in early stage companies include the entrepreneurs themselves, their friends and families, individual angel investors or business angels who are willing to invest their own money in new companies, seed investment funds and early and late stage VC funds, and alternative forms of investment including government grants, government-backed enterprise funds, hedge funds and so on. These different types of investors have differing risk and return preferences, often leading them to participate

in a particular stage of the funding cycle over others. Exhibit 7 illustrates when each type of investor typically provides capital to early stage companies throughout their funding cycles.

New companies require seed investment to develop new technologies and drive innovation. Taken together, angel investors and VCs are the primary sources of this entrepreneurial funding, investing a prodigious sum of \$54.5 billion in 2014 in the US alone (see Exhibit 8).

## 7 EQUITY CAPITAL FOR ENTREPRENEURS

By funding stage

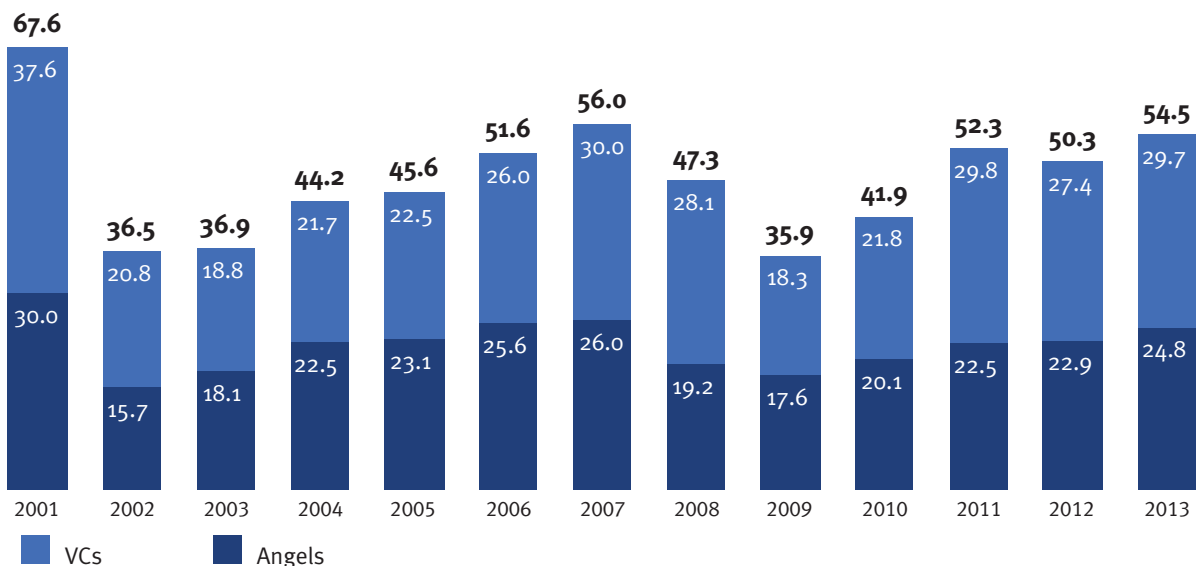


- <sup>1</sup> Initial funding is typically provided by entrepreneurs and “friends and family”.
- <sup>2</sup> Angel investors or angel groups typically provide the bulk of the “seed” or “early stage” capital in the next round.
- <sup>3</sup> VCs generally invest in later rounds after one or more rounds of angel investment.

Source: Jeffrey E. Sohl, “The U.S. Angel and Venture Capital Market: Recent Trends and Developments”

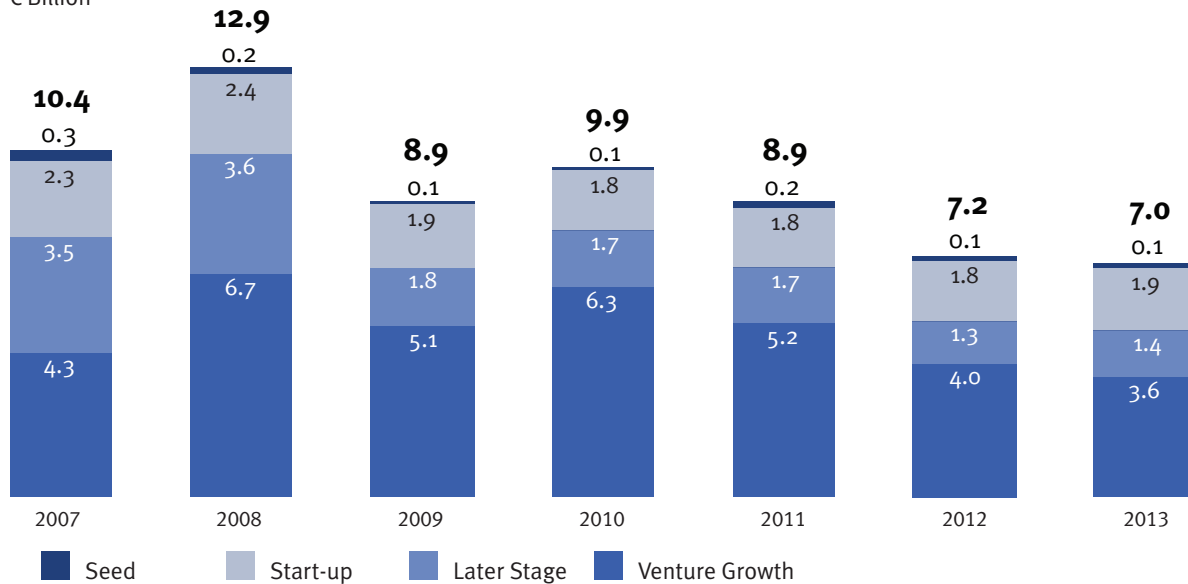
## 8 ANNUAL EARLY-STAGE FUNDING BY ANGELS AND VCS IN THE US

\$Billions



Sources: National Venture Capital Association; Center for Venture Research

€ Billion



Source: EVCA

Europe sees a similar pattern with business angels and early stage VC funds being the most active backers of start ups. While data is not available pan-EU for angel investment activity, the VC investment by stage focus is significant (see Exhibit 9).

While VC tends to attract a good amount of attention from policy-makers, angel investors are often overlooked as a critical source of seed investment. In many countries angels actually contribute the majority of seed and early-stage equity financing for high-growth potential start-ups, rather than VCs<sup>3</sup>. Furthermore, angels are more likely to invest in projects that VCs might perceive as too small or too risky, tend to be less sensitive to market cycles, and typically support a wider range of innovation and sectors. In addition to providing capital, angel investors often play an important hands-on role in the deals they invest in by providing entrepreneurs with mentoring, business advice, and contacts. These “softer” benefits can have just as much of an impact on the success of the startup as the capital funding itself. In emerging economies, angels can be instrumental in supporting the funding and development of early-stage ventures where there is a lack of fully-developed legal and financial institutions, which are needed to support both formal and informal VC investing<sup>4</sup>. These investments also tend to be more local in nature, bolstering the regional economy and community. Their diverse contributions, both financial and administrative, make angel investors a critical part of the entrepreneurial finance landscape.

In many industries angel and VC backed jobs represent a majority of the total jobs in the sector with CEO’s believing that capital investment was critical in their development. Angel investment in the U.S. created an estimated 290,020 jobs in 2013 alone (approximately 4.1 jobs per investment)<sup>5</sup>. Originally venture-backed companies in the U.S. accounted for 11.87 million jobs in 2011, and over \$3.1 trillion in revenue: 11% of private sector employment and 21% of GDP<sup>6</sup>.

Given the crucial role that angels and VCs play in funding companies and working with them to promote their success, their continued willingness to invest is critical to the continued creation and growth of new companies.

This report surveys early stage investors to explore the effects of potential regulations on their investment behavior, which ultimately determines the likelihood that early stage companies will receive the financing required to drive innovation. We surveyed 330 investors from eight countries in the course of this study. It was important to ensure that only appropriate investors be allowed to participate in the surveys, but there is no single definition of accredited investor, or sophisticated investor that applies in all of the eight countries surveyed. We decided that it was most important that each country recognize the investors we surveyed in the context of their local market and regulatory context. As a result, country-specific criteria were defined so that the definition of “sophisticated investor” would have meaning in each country. (See Appendix 2)

# 3

## A SHIFTING LEGAL & REGULATORY ENVIRONMENT

As new technologies for distributed digital content on the Internet have emerged and the volume of available content has exploded, regulatory questions about how exactly DCIs should be obligated to maintain, process and police the data that they make available have taken on new importance. With the proliferation of DCIs, traditional content industries have sought to place the burden of filtering potentially infringing content onto DCIs, and regulators have considered a variety of different rules that would obligate DCIs to take affirmative steps to ensure the legality of the content they distribute.

Similarly, as more and more services and products migrate to the web, so too has sensitive customer data. Data breaches and government surveillance programs have made digital privacy a topic of huge political significance. Governments have struggled to respond to technological challenges associated with maintaining online privacy, and the many privacy regulations policymakers have considered implementing in recent years could have major unintended consequences on the use of, and investment in, companies that interact with online data.

Our 2014 study of the impact that Internet regulations might have on early-stage investment focuses on potential regulations in a number of areas that leading experts and lawyers interviewed during the course of the work were most concerned about understanding:

- Decreasing the cost and complexity of obtaining licences
- Reducing legal ambiguity concerning the likelihood of lawsuits and the size of damages in the event of liability
- More actively prosecuting pirates and the potential adverse secondary effects on DCIs
- Holding websites and content intermediaries responsible for copyright infringement
- Potential regulations surrounding new product features that use previously collected user data
- New regulations obligating websites to remove content at the request of individuals
- Plans to require all DCIs to implement and apply technology filters to the content as it is uploaded, to filter and catch “problematic” content
- Regulations that require that the DCI conduct a careful evaluation of the content request by a person rather than rely upon technology filters
- Regulations that would require user content to be held in the same country that those users reside in

Taken together, we believe that this study provides perhaps the broadest quantification of how such potential regulations might affect investor sentiment in the eight countries surveyed.

As such, we hope that this contribution will be beneficial to policy and law makers confronted by the complex and challenging task of establishing the rules by which the future of human endeavor will be played.



# 4

# THE CENTRAL ROLE OF DIGITAL CONTENT INTERMEDIARIES

THE PRIOR CHAPTERS DEMONSTRATED THE PIVOTAL ROLE THAT THE INTERNET HAS PLAYED IN THE TRANSFORMATION AND DIGITIZATION OF MOST FORMS OF CONTENT, COMMUNICATIONS AND COMMERCE ACTIVITIES GLOBALLY. IN ORDER TO ASSESS THE POTENTIAL IMPACTS THAT FUTURE REGULATIONS MIGHT HAVE ON INVESTOR SENTIMENT, AND IN ORDER TO MAKE OUR QUESTIONS EASILY AND CONSISTENTLY UNDERSTOOD BY THE INVESTORS WITH WHOM WE SPOKE DURING THE COURSE OF THE STUDY, WE FOCUSED OUR SURVEYING AROUND THE ROLE OF DIGITAL CONTENT INTERMEDIARIES (DCIs) AND THE CURRENT AND FUTURE INVESTMENT IN THIS TYPE OF COMPANY.

DCIs play a pivotal role in the Internet and in the transformation of many industries. They are the companies that enable the transmission, storage and access of all forms of digital media - not just for those industries that are themselves focused on digital media (Film, TV, Music, Radio, News, Press, and so on) but in fact in every industry - since every company and organization, no matter what industry it is operating in, uses content during their business process, as well as in the operation of the company.

DCIs that are most familiar to end users include household names such as YouTube and Instagram in video, Facebook and Google+ in social networking, Netflix in film, Apple iTunes and Spotify in music, eBay and Amazon in eCommerce, and a multitude of others. Meanwhile, less well known names perform the same functions in enterprise contexts - companies such as Apple, IBM, Microsoft, Oracle and many others performing the DCI role in a corporate setting. Indeed, any internet enabled company that “handles” digital content at some point in their activities, may be operating as a DCI to some extent.

DCIs have been central to the growth and expansion of the Internet and in GDP and job growth that are reported in the previous chapters. As more and more human content is captured, stored, shared and interacted with in digital forms, so more and more reliance is placed upon the DCIs that perform the activities that support the flow and use of digital content.

The OECD has examined the role of DCIs and in summary believes “...they have brought unprecedented user and consumer empowerment through greater information, facilitating product and price comparisons and creating downward pressure on prices or, in the case of auction platforms, meeting supply and demand and creating new markets. Search engines, portals and participative networked platforms for their part facilitate access to an unparalleled wealth of information, as well as providing opportunities for new innovative activities and social interactions”<sup>8</sup>.

The OECD goes on to report that “*Internet intermediaries’ also stimulate employment and entrepreneurship by lowering the barriers to starting and operating small businesses and by creating opportunities for long-tail’ economic transactions to occur that were not previously possible, whereby businesses can sell a large number of unique items, each in relatively small quantities. Internet intermediaries enable creativity and collaboration to flourish among individuals and enterprises and generate innovation. User empowerment and choice are considered to be very important and positive social side effects of the access to information that Internet intermediaries provide, as well as improving purchasing power with downward pressure on prices...by enabling individuality and self-expression, they also offer potential improvements to the quality of societies in terms of fundamental values such as freedom and democracy*”.

Today, little that we do is not in some respect impacted by DCIs, and the Internet and the transformation that it is working would not be taking place without these companies. As a result, this study considers DCIs as a logical point of investigation as we seek to determine what effects potential regulation might have on the investment activities of early stage investors.

# COMMON THEMES ACROSS COUNTRIES

IN 2014, WE SURVEYED 330 INVESTORS IN EIGHT COUNTRIES AROUND THE WORLD (AUSTRALIA, FRANCE, GERMANY, INDIA, ITALY, SPAIN, THE UK AND THE U.S.) IN ORDER TO ASSESS THE DEGREE TO WHICH THE FUTURE LEGAL ENVIRONMENT MIGHT IMPACT THEIR BEHAVIOR CONCERNING INVESTING IN DCIs. (A DETAILED DESCRIPTION OF THE METHODOLOGY WE USED IS PRESENTED IN APPENDIX 1 AND THE DEFINITIONS OF SOPHISTICATED INVESTORS THAT WERE APPLIED IN EACH COUNTRY ARE PRESENTED IN APPENDIX 2).

## SUMMARY OF COMMON THEMES

The following findings were found to be consistently felt across the investors surveyed in all eight countries. These findings should be read in conjunction with the country specific findings in Chapter 6.

- **Legal Environment.** Globally investors view the legal environment as having the most negative impact on their investing activities with 89% of the investors surveyed saying it had a modest or strongly negative impact. A large majority of early stage investors around the world feel that the current legal environment has a more negative impact on their investing than either a weak economy or an increased competitive environment.
- **Regulatory Ambiguity.** When asked what it was about the legal environment that so concerns investors and impacts their investing behavior, the ambiguity in the current regulatory environment was identified as of significant concern. 88% of worldwide investors surveyed said they are uncomfortable investing in DCIs that offer user generated music and video given an ambiguous regulatory framework.

Given these perspectives regarding the legal environment and regulatory ambiguity, we then asked the investors what specific potential regulations would be of greatest concern.

- **Uncertain and Potentially Large Damages.** In all eight countries surveyed, early stage investors view the risk of uncertain and potentially large damages as of significant concern as they look to invest in DCIs. 85% agree or strongly agree that this is a major factor in making them uncomfortable about investing in DCIs.
- **Secondary Effects of IP Infringement Regulations.** The second area of consistent concern worldwide was secondary liability. Here lawmakers genuinely want to help in the fight against copyright infringement. However, focusing mainly on DCIs can have unintended consequences for investment - a danger particularly important for content creators given that DCIs are now driving a significant and growing proportion of revenue for the creative industries. We found that 78% of investors would be deterred from

investing in DCI's that offer user uploaded music or video should new anti-piracy regulations increase the risk that their investments would be exposed to secondary liability in IP infringement cases.

The empirical results of our survey that support each of these findings are detailed in the remainder of this chapter.

## CONCERN REGARDING LEGAL ENVIRONMENT

During the survey, the investors were asked which of four factors had the most negative impact on their investing behavior: the legal environment, the economy, the competitive environment, or the expected return on their investment. The results show that in all eight countries, investors view the legal environment as having the most negative impact, with an average of 89% of investors surveyed saying it had a modest or strongly negative impact, 93% of US investors feeling this way, and an average of 89% of EU investors concurring (*see Exhibit 10*). This finding confirms the 2011 finding that a large majority of early stage investors feel that the current legal environment has a more negative impact on their investing than either a weak economy or an increased competitive environment.<sup>9,10</sup>

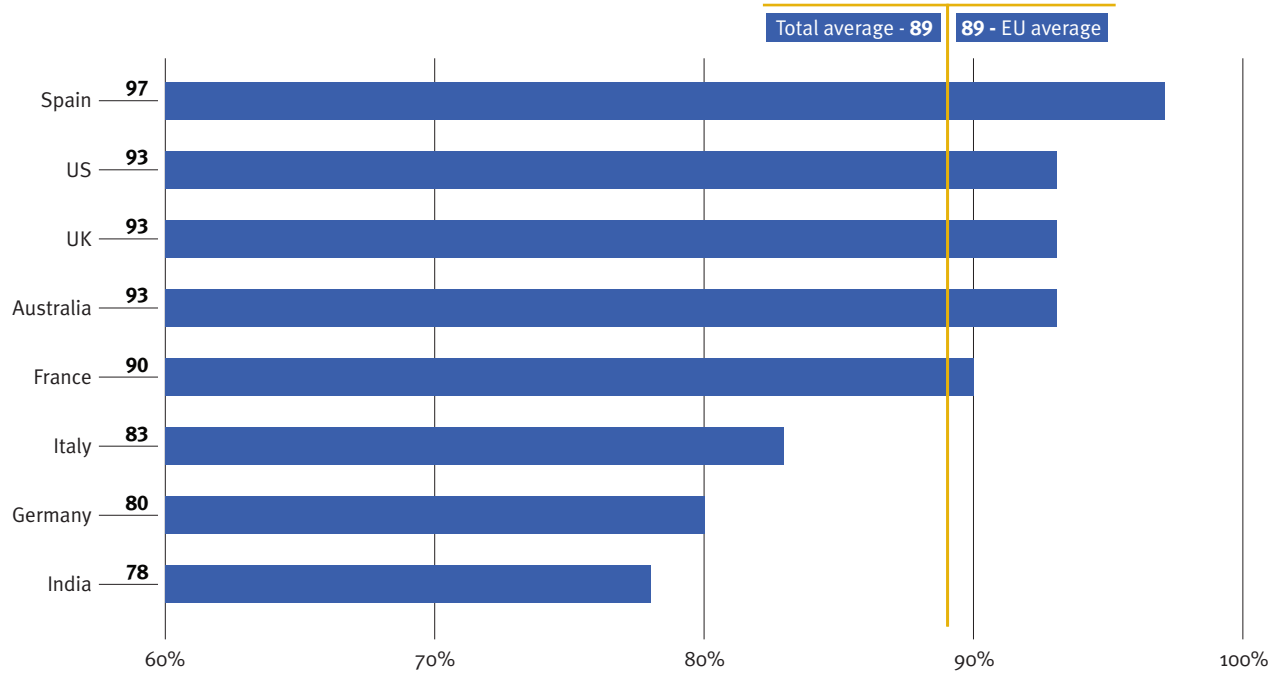
## REGULATORY AMBIGUITY

When we asked what it was about the legal environment that so concerns investors and impacts their investing behavior, the ambiguity in the current regulatory environment was identified in all markets as of significant concern. Fully 84% of investors surveyed worldwide, 86% in the five EU countries and 77% in the US said they are uncomfortable investing in an area with an ambiguous regulatory framework (*see Exhibit 11*). When asked how this would impact their view on investing in DCIs that offer user generated music and video the result is even more pronounced in most countries with an overall eight country response rising from 84% to 88%, the US result increasing from 77% to 89% and the EU average rising from 86% to 90%. DCIs are particularly exposed to potential new legislation, and the current legal environment makes it hard to assess the future prospects of an investment in this space. A view held most strongly in the UK where fully 97% of investors are concerned over this issue. In interviews top VCs also highlighted how uncertainty regarding possible regulatory changes that might impact their investments was a source of concern and in some cases, made them unwilling to invest in content oriented businesses and DCIs.

# 10

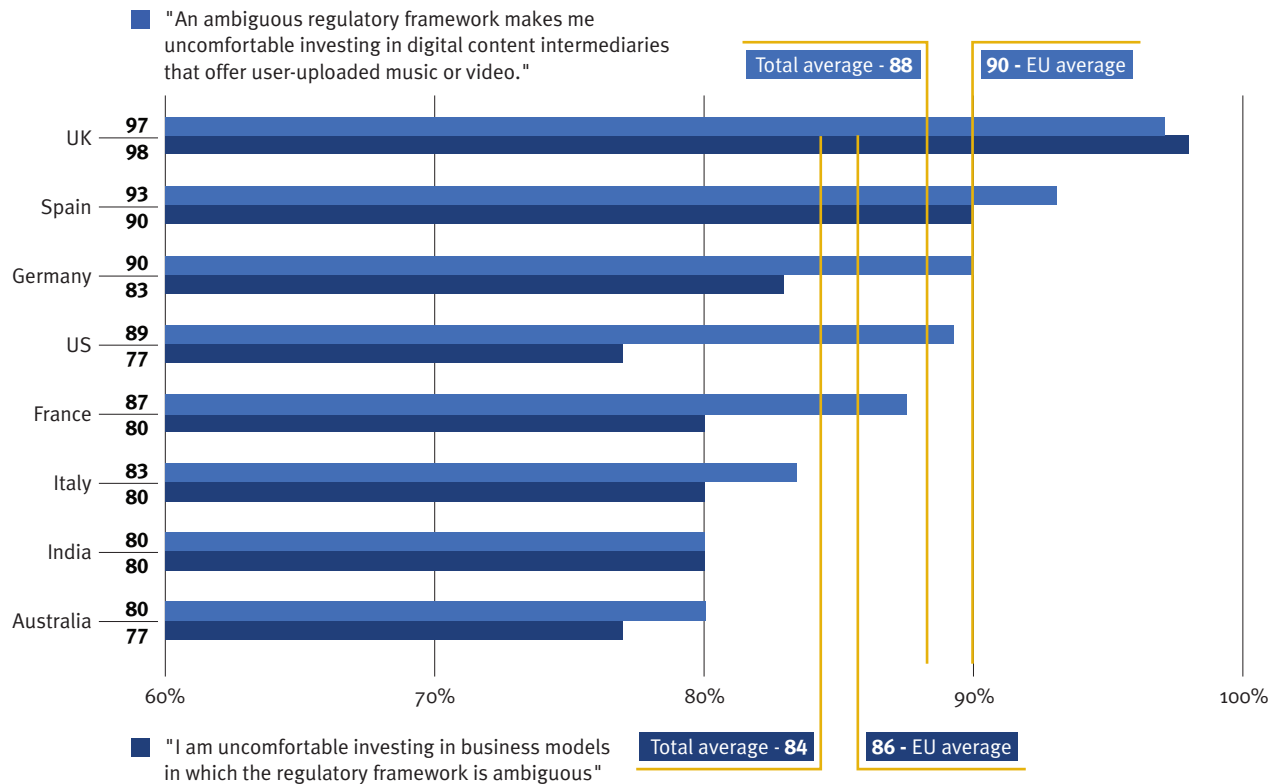
## THE LEGAL ENVIRONMENT'S NEGATIVE IMPACT ON INVESTING

Percent saying modest-strong negative impact



# 11

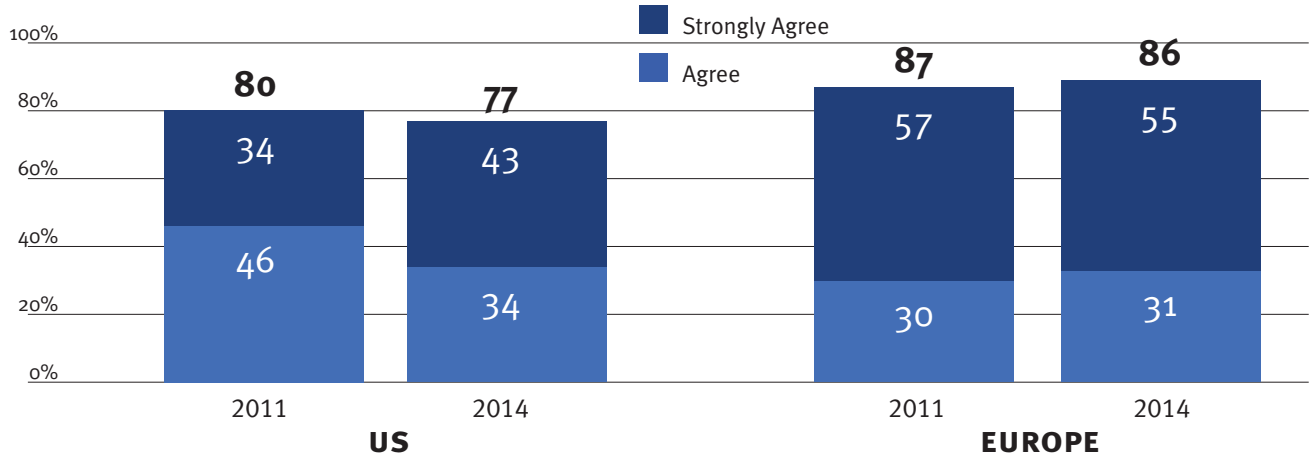
## THE LEGAL ENVIRONMENT'S AND REGULATORY AMBIGUITY'S NEGATIVE IMPACT ON INVESTORS



# 12

## “I AM UNCOMFORTABLE INVESTING IN BUSINESS MODELS IN WHICH THE REGULATORY FRAMEWORK IS AMBIGUOUS.”

Percent who agree with this statement



This is consistent with the 2011 findings in which investors were uncomfortable investing into spaces with high legal ambiguity (see Exhibit 12).

Given these perspectives regarding the legal environment and regulatory ambiguity, we then asked the investors what specific potential regulations would be of greatest concern.

### UNCERTAIN AND POTENTIALLY LARGE DAMAGES

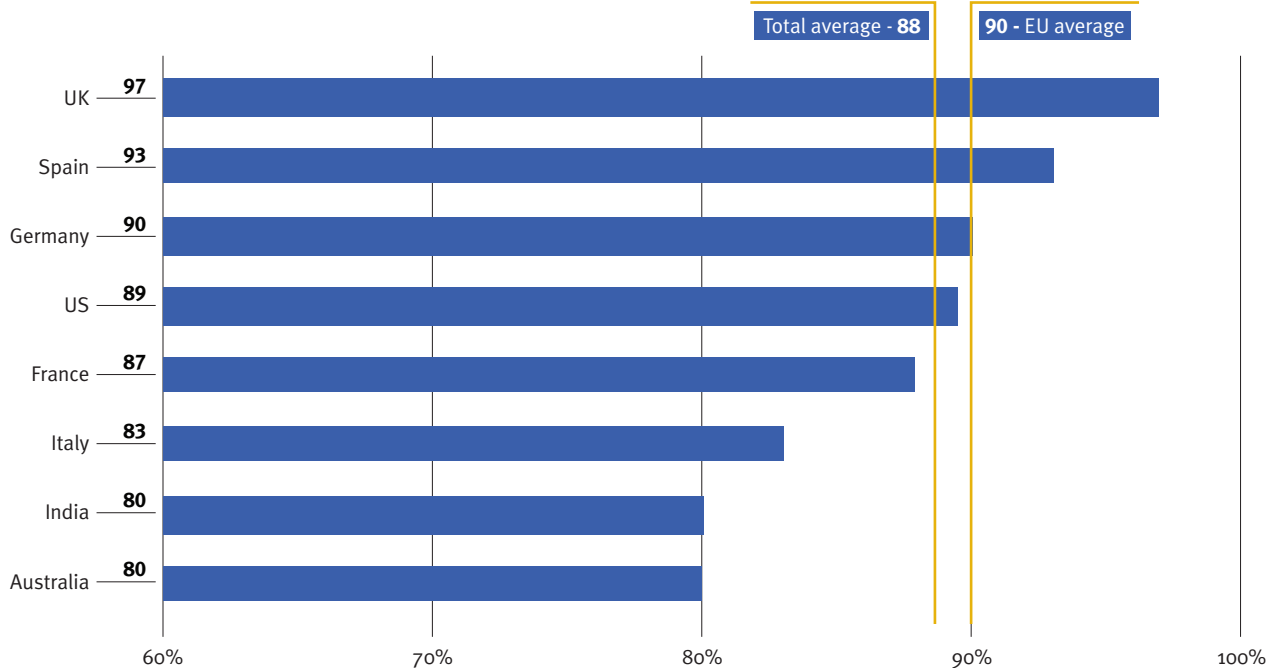
In all eight countries surveyed, early stage investors view the risk of uncertain and potentially large damages as of significant concern as they look to invest in DCIs. 85% agree or strongly agree that this is a major factor in making them uncomfortable

about investing in DCIs. In the EU the result was 86% taking this view and in the US 79% (see Exhibit 13). If investors can not assess potential future risks that the companies which they back may face, they become uncertain about whether to invest capital into the company and the investment space. Investors already face substantial risks when they back an early-stage company including technology, operations, consumer and competitive risks. Any of these can wipe out an investors capital. Where new regulations can also expose a company to large or potential enormous damages, investors are inclined to take their capital elsewhere. A theme we heard in most countries surveyed during this study.

# 13

## “AN AMBIGUOUS REGULATORY FRAMEWORK MAKES ME UNCOMFORTABLE INVESTING IN DIGITAL CONTENT INTERMEDIARIES THAT OFFER USER-UPLOADED MUSIC OR VIDEO.”

Percent who agree with this statement





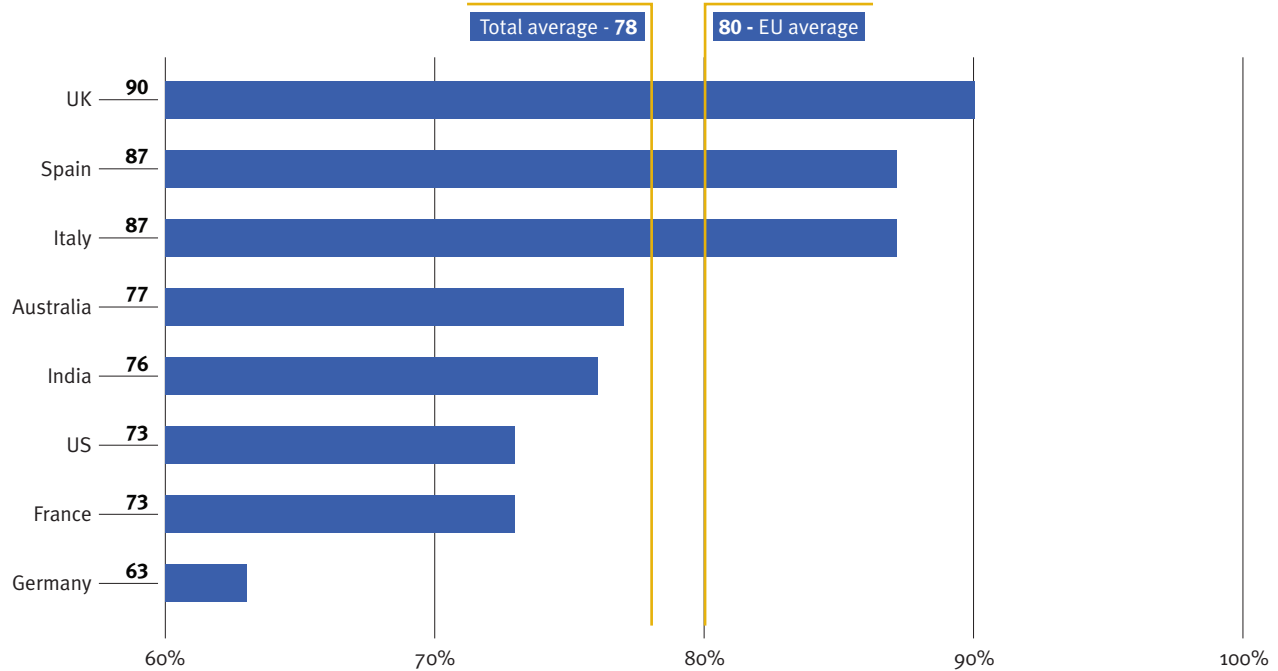
## SECONDARY EFFECTS OF IP INFRINGEMENT REGULATIONS

The second area of consistent concern worldwide was secondary liability. Here lawmakers genuinely want to help in the fight against copyright infringement. However, focusing mainly on DCIs can have unintended consequences for investment - a danger particularly important for content creators given that DCIs are now driving a significant and growing proportion of revenue

for the creative industries. We found that 78% of investors would be deterred from investing in DCI's that offer user uploaded music or video should new anti-piracy regulations increase the risk that their investments would be exposed to secondary liability in IP infringement cases. In the US 73% of investors and in the EU 80% of investors expressed this concern, with the EU average driven by very high levels of concern in the UK (90%), Spain (87%), Italy (87%) (see Exhibit 14).

## 14 "INCREASED ANTI-PIRACY REGULATIONS AGAINST 'USER UPLOADED' WEBSITES WOULD DETER MY INVESTMENT IN DIGITAL CONTENT INTERMEDIARIES THAT OFFER USER-UPLOADED MUSIC OR VIDEO."

Percent who agree with this statement



## CONCLUSIONS

In conclusion, investors around the world find the legal environment as the most negative impact on their investing activities with a significant majority concerned about investing in digital content intermediaries that are today confronted by ambiguity and uncertain outcomes, potentially large damages, and the risks of secondary liability if new anti-piracy regulations are introduced.

These findings highlight the concern of many lawmakers that unintended consequences might result from potential new internet regulations. Our findings illustrate that there is a risk that potential regulations might greatly curtail or cut off capital from the early stage companies that are driving global innovation, GDP growth and new job formation.

The country specific findings are detailed in the eight country sections in Chapter 6 that follows.



# 6

EMPIRICAL FINDINGS

## DETAILED FINDINGS BY COUNTRY

IN CHAPTER 5 WE DETAILED THE MOST IMPORTANT COMMON THEMES ACROSS ALL EIGHT COUNTRIES. THE FOLLOWING EIGHT CHAPTERS ADD TO THESE COMMON THEMES BY DETAILING THE FINDINGS IN EACH COUNTRY ACROSS ALL AREAS OF POTENTIAL REGULATION THAT WERE SURVEYED.

IT SHOULD BE NOTED THAT EVEN A MINORITY OF INVESTORS IN ANY SPECIFIC COUNTRY EXPRESSING CONCERN MIGHT STILL REPRESENT A SIGNIFICANT WEAKENING OF INVESTMENT ACTIVITY IN THAT COUNTRY. WE HOPE THAT THESE COUNTRY SPECIFIC CHAPTERS WILL BE USEFUL TO LOCAL COUNTRY REGULATORS AS THEY ASSESS THE POTENTIAL IMPACT OF THEIR REGULATORY DECISION MAKING.

THESE COUNTRY SPECIFIC CHAPTERS SHOULD BE READ IN CONJUNCTION WITH THE EXECUTIVE SUMMARY OF THE REPORT AS WELL AS CHAPTER 5 - EMPIRICAL FINDINGS - COMMON THEMES ACROSS COUNTRIES, WITHOUT WHICH THEY ARE ONLY A PARTIAL DESCRIPTION OF THE RESULTS OF OUR WORK.



# 6.1 AUSTRALIA

IN 2014, WE SURVEYED A STATISTICALLY RELEVANT SAMPLE OF 30 INVESTORS IN AUSTRALIA IN ORDER TO ASSESS THE DEGREE TO WHICH THE FUTURE LEGAL ENVIRONMENT MIGHT IMPACT THEIR BEHAVIOR WITH REGARD TO INVESTING IN DIGITAL CONTENT INTERMEDIARIES. (A DETAILED DESCRIPTION OF THE METHODOLOGY WE USED IS PRESENTED IN APPENDIX 1 AND THE DEFINITION OF SOPHISTICATED INVESTORS THAT WERE APPLIED ARE PRESENTED IN APPENDIX 2). THIS CHAPTER PRESENTS THE FINDINGS FROM THE AUSTRALIAN SURVEY. IT SHOULD BE READ IN CONJUNCTION WITH THE EXECUTIVE SUMMARY OF THE 2014 REPORT AS WELL AS CHAPTER 5 - EMPIRICAL FINDINGS - COMMON THEMES ACROSS COUNTRIES, WITHOUT WHICH IT IS ONLY A PARTIAL DESCRIPTION OF THE RESULTS OF OUR WORK.

## OVERALL AUSTRALIAN INVESTOR PERSPECTIVE ON LEGAL ENVIRONMENT

- Australian investors view the legal environment as having the most negative impact on their investing activities with 93% of the investors surveyed saying it had a modest or strongly negative impact. Australian investors agree with investors from the US and EU that the current legal environment has a more negative impact on their investing than either a weak economy or an increased competitive environment.
- When we then asked Australian investors what it was about the legal environment that so concerns investors and impacts their investing behavior, the ambiguity in the current regulatory environment was identified as of significant concern. 77% of Australian investors surveyed said they are uncomfortable investing in an area with an ambiguous regulatory framework (see Exhibit AUS1).
- This then rose to 80% when Australian investors were asked how this would impact their view on investing in digital content intermediaries that offer user generated music and video. DCIs are particularly exposed to potential new legislation, and the current legal environment makes it hard to assess the future prospects of an investment in this space (see Exhibit AUS2).

## POTENTIAL AREAS OF REGULATION

We then asked Australian investors about specific areas of potential legislation and the degree to which they might become uncomfortable investing as a result. Overall, a majority or substantial minority of Australian investors would be deterred from investing in DCIs impacted by these potential areas of regulation - it is important to note that even a minority of investors deterred from investing could significantly reduce the pool of capital available to Australian DCI start-ups (see Table AUS3-10).

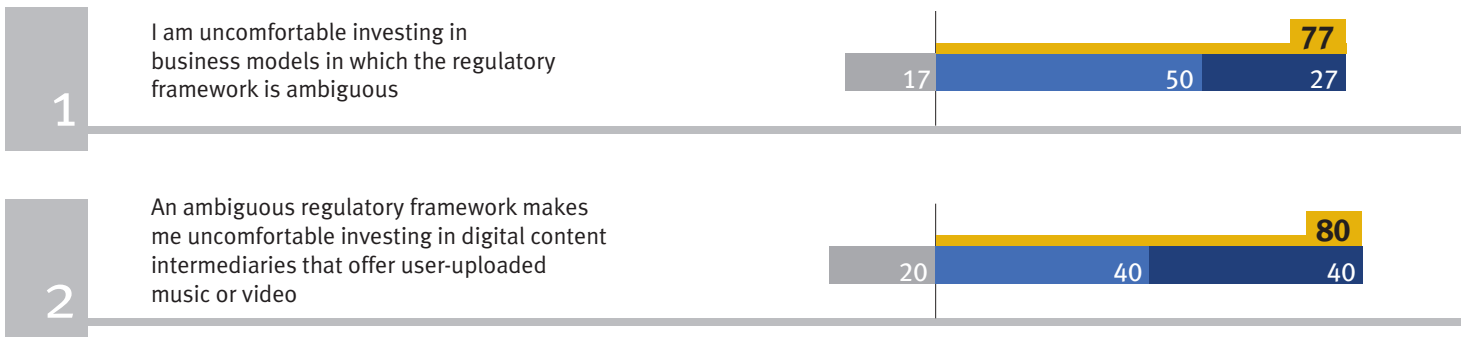
## PREFERENCE FOR LOCAL LAWS

Finally, we asked Australian investors whether they would prefer the US legal environment to that of Australia. Here the sentiment was that 73% of Australian investors would prefer Australian law.

## SUMMARY OF AUSTRALIAN FINDINGS

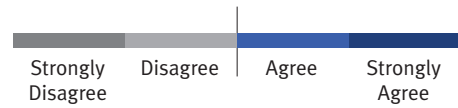
In summary, 93% of Australian investors believe the legal environment has the most negative impact on their investing activities with a significant majority of 80% concerned about investing in digital content intermediaries that are today confronted by ambiguity and uncertain outcomes, potentially large damages, and the risks of secondary liability if new anti-piracy regulations are introduced.

These findings highlight the concern of many lawmakers that unintended consequences might result from potential new internet regulations. Our findings illustrate that there is a risk that potential regulations might greatly curtail or cut off capital from the early stage companies that are driving global innovation, GDP growth and new job formation.



## INVESTOR CONCERN REGARDING POTENTIAL NEW REGULATIONS

+ Numbers shown in percents  
 + Totals may be impacted by rounding, and answers may not sum to 100% when some investors chose not to respond





# 6.2 FRANCE

IN 2014, WE SURVEYED A STATISTICALLY RELEVANT SAMPLE OF 30 INVESTORS IN FRANCE IN ORDER TO ASSESS THE DEGREE TO WHICH THE FUTURE LEGAL ENVIRONMENT MIGHT IMPACT THEIR BEHAVIOR WITH REGARD TO INVESTING IN DIGITAL CONTENT INTERMEDIARIES. (A DETAILED DESCRIPTION OF THE METHODOLOGY WE USED IS PRESENTED IN APPENDIX 1 AND THE DEFINITION OF SOPHISTICATED INVESTORS THAT WERE APPLIED ARE PRESENTED IN APPENDIX 2). THIS CHAPTER PRESENTS THE FINDINGS FROM THE FRENCH SURVEY. IT SHOULD BE READ IN CONJUNCTION WITH THE EXECUTIVE SUMMARY OF THE 2014 REPORT AS WELL AS CHAPTER 5 - EMPIRICAL FINDINGS - COMMON THEMES ACROSS COUNTRIES, WITHOUT WHICH IT IS ONLY A PARTIAL DESCRIPTION OF THE RESULTS OF OUR WORK.

## OVERALL FRENCH INVESTOR PERSPECTIVE ON LEGAL ENVIRONMENT

- French investors view the legal environment as having the most negative impact on their investing activities with 90% of the investors surveyed saying it had a modest or strongly negative impact. French investors agree with investors from the US and the rest of the EU that the current legal environment has a more negative impact on their investing than either a weak economy or an increased competitive environment.
- When we then asked French investors what it was about the legal environment that so concerns investors and impacts their investing behavior, the ambiguity in the current regulatory environment was identified as of significant concern. 80% of French investors surveyed said they are uncomfortable investing in an area with an ambiguous regulatory framework (see FRA1).
- This result increased to 87% when French investors were asked how this would impact their view on investing in digital content intermediaries that offer user generated music and video. DCIs are particularly exposed to potential new legislation, and the current legal environment makes it hard to assess the future prospects of an investment in this space (see FRA2).

## POTENTIAL AREAS OF REGULATION

We then asked French investors about specific areas of potential legislation and the degree to which they might become uncomfortable investing as a result. Overall, a majority or substantial minority of French investors would be deterred from investing in DCIs impacted by these potential areas of regulation - it is important to note that even a minority of investors deterred from investing could significantly reduce the pool of capital available to French DCI start-ups (see FRA3-10).

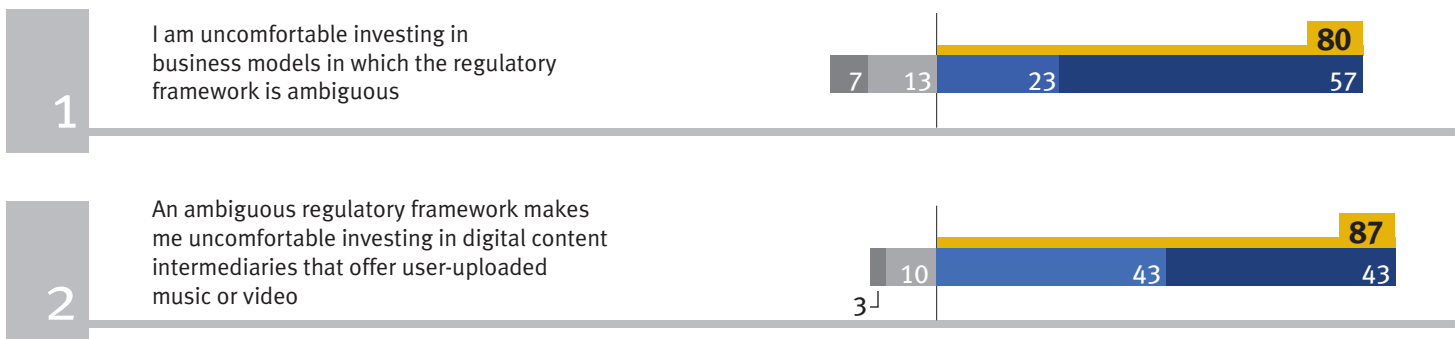
## PREFERENCE FOR LOCAL LAWS

Finally, we asked French investors whether they would prefer the US legal environment to that of EU. Here the sentiment was that 76% of French investors would prefer EU law.

## SUMMARY OF FRENCH FINDINGS

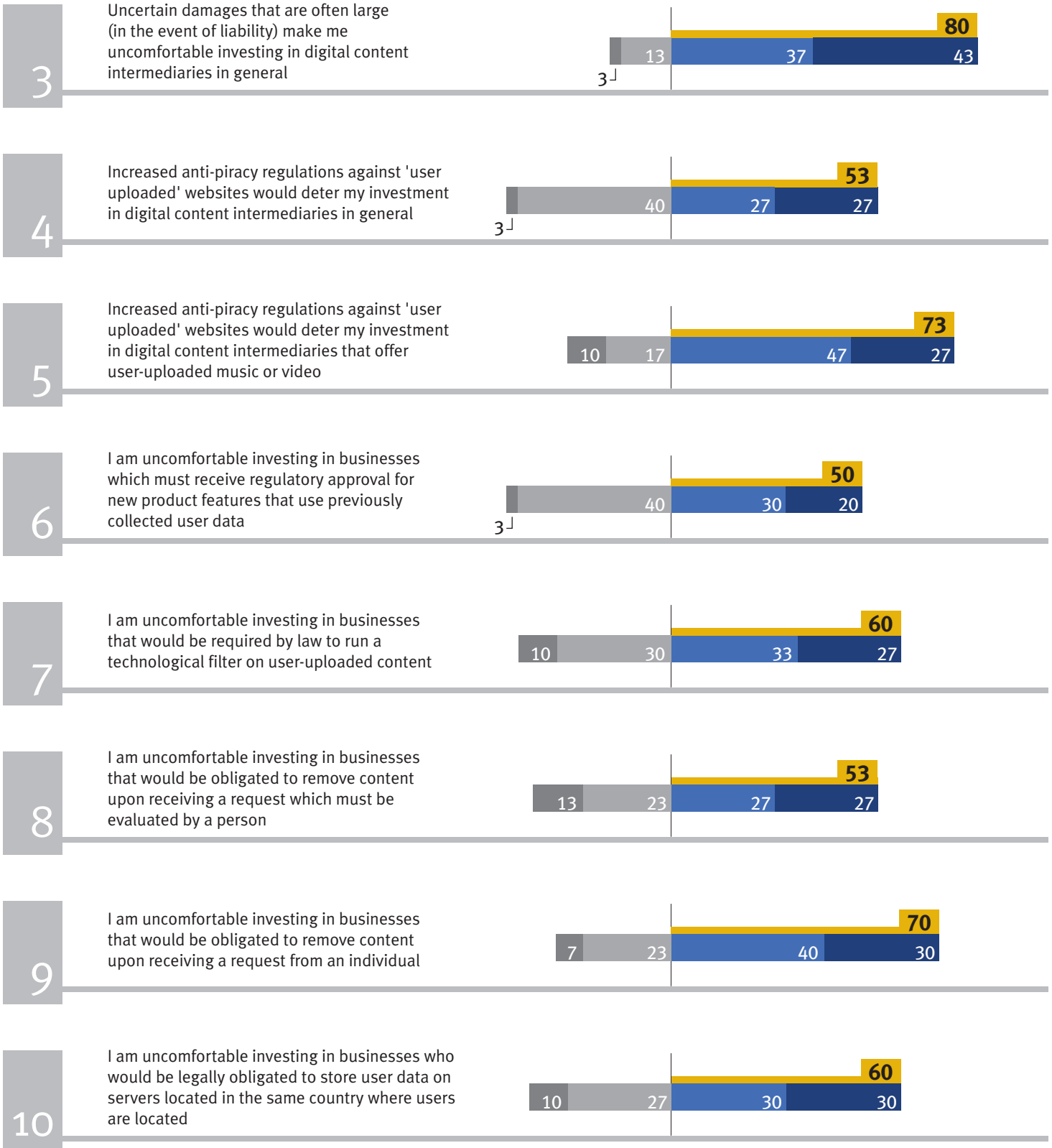
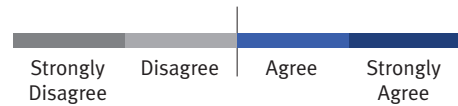
In summary, 90% of French investors believe the legal environment has the most negative impact on their investing activities with a significant majority of 87% concerned about investing in digital content intermediaries that are today confronted by ambiguity and uncertain outcomes, potentially large damages, and the risks of secondary liability if new anti-piracy regulations are introduced.

These findings highlight the concern of many lawmakers that unintended consequences might result from potential new internet regulations. Our findings illustrate that there is a risk that potential regulations might greatly curtail or cut off capital from the early stage companies that are driving global innovation, GDP growth and new job formation.



## INVESTOR CONCERN REGARDING POTENTIAL NEW REGULATIONS

+ Numbers shown in percents  
 + Totals may be impacted by rounding, and answers may not sum to 100% when some investors chose not to respond





# 6.3

## GERMANY

IN 2014, WE SURVEYED A STATISTICALLY RELEVANT SAMPLE OF 30 INVESTORS IN GERMANY IN ORDER TO ASSESS THE DEGREE TO WHICH THE FUTURE LEGAL ENVIRONMENT MIGHT IMPACT THEIR BEHAVIOR WITH REGARD TO INVESTING IN DIGITAL CONTENT INTERMEDIARIES. (A DETAILED DESCRIPTION OF THE METHODOLOGY WE USED IS PRESENTED IN APPENDIX 1 AND THE DEFINITION OF SOPHISTICATED INVESTORS THAT WERE APPLIED ARE PRESENTED IN APPENDIX 2). THIS CHAPTER PRESENTS THE FINDINGS FROM THE GERMAN SURVEY. IT SHOULD BE READ IN CONJUNCTION WITH THE EXECUTIVE SUMMARY OF THE 2014 REPORT AS WELL AS CHAPTER 5 - EMPIRICAL FINDINGS - COMMON THEMES ACROSS COUNTRIES, WITHOUT WHICH IT IS ONLY A PARTIAL DESCRIPTION OF THE RESULTS OF OUR WORK.

### OVERALL GERMAN INVESTOR PERSPECTIVE ON LEGAL ENVIRONMENT

- German investors view the legal environment as having the most negative impact on their investing activities with 80% of the investors surveyed saying it had a modest or strongly negative impact. German investors agree with investors from the US and the rest of the EU that the current legal environment has a more negative impact on their investing than either a weak economy or an increased competitive environment.
- When we then asked German investors what it was about the legal environment that so concerns investors and impacts their investing behavior, the ambiguity in the current regulatory environment was identified as of significant concern. 83% of German investors surveyed said they are uncomfortable investing in an area with an ambiguous regulatory framework (see GER1).
- This result increased to 90% when German investors were asked how this would impact their view on investing in digital content intermediaries that offer user generated music and video. DCIs are particularly exposed to potential new legislation, and the current legal environment makes it hard to assess the future prospects of an investment in this space (see GER2).

### POTENTIAL AREAS OF REGULATION

We then asked German investors about specific areas of potential legislation and the degree to which they might become uncomfortable investing as a result. Overall, a majority or substantial minority of German investors would be deterred from investing in DCIs impacted by these potential areas of regulation - it is important to note that even a minority of investors deterred from investing could significantly reduce the pool of capital available to German DCI start-ups (see GER3-10).

### PREFERENCE FOR LOCAL LAWS

Finally, we asked German investors whether they would prefer the US legal environment to that of EU. Here the sentiment was that 77% of German investors would prefer EU law.

### SUMMARY OF GERMAN FINDINGS

In summary, 80% of German investors believe the legal environment has the most negative impact on their investing activities with a significant majority of 90% concerned about investing in digital content intermediaries that are today confronted by ambiguity and uncertain outcomes, potentially large damages, and the risks of secondary liability if new anti-piracy regulations are introduced.

These findings highlight the concern of many lawmakers that unintended consequences might result from potential new internet regulations. Our findings illustrate that there is a risk that potential regulations might greatly curtail or cut off capital from the early stage companies that are driving global innovation, GDP growth and new job formation.

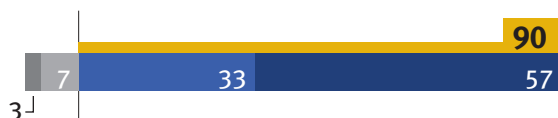
1

I am uncomfortable investing in business models in which the regulatory framework is ambiguous



2

An ambiguous regulatory framework makes me uncomfortable investing in digital content intermediaries that offer user-uploaded music or video





## INVESTOR CONCERN REGARDING POTENTIAL NEW REGULATIONS

+ Numbers shown in percents  
 + Totals may be impacted by rounding, and answers may not sum to 100% when some investors chose not to respond





# 6.4 INDIA

IN 2014, WE SURVEYED A STATISTICALLY RELEVANT SAMPLE OF 50 INVESTORS IN INDIA IN ORDER TO ASSESS THE DEGREE TO WHICH THE FUTURE LEGAL ENVIRONMENT MIGHT IMPACT THEIR BEHAVIOR WITH REGARD TO INVESTING IN DIGITAL CONTENT INTERMEDIARIES. (A DETAILED DESCRIPTION OF THE METHODOLOGY WE USED IS PRESENTED IN APPENDIX 1 AND THE DEFINITION OF SOPHISTICATED INVESTORS THAT WERE APPLIED ARE PRESENTED IN APPENDIX 2). THIS CHAPTER PRESENTS THE FINDINGS FROM THE INDIAN SURVEY. IT SHOULD BE READ IN CONJUNCTION WITH THE EXECUTIVE SUMMARY OF THE 2014 REPORT AS WELL AS CHAPTER 5 - EMPIRICAL FINDINGS - COMMON THEMES ACROSS COUNTRIES, WITHOUT WHICH IT IS ONLY A PARTIAL DESCRIPTION OF THE RESULTS OF OUR WORK.

## OVERALL INDIAN INVESTOR PERSPECTIVE ON LEGAL ENVIRONMENT

- Indian investors view the legal environment as having the most negative impact on their investing activities with 78% of the investors surveyed saying it had a modest or strongly negative impact. Indian investors agree with investors from the US and the EU that the current legal environment has a more negative impact on their investing than either a weak economy or an increased competitive environment.
- When we then asked Indian investors what it was about the legal environment that so concerns investors and impacts their investing behavior, the ambiguity in the current regulatory environment was identified as of significant concern. 80% of Indian investors surveyed said they are uncomfortable investing in an area with an ambiguous regulatory framework (see IND1).
- This result held true when Indian investors were asked how this would impact their view on investing in digital content intermediaries that offer user generated music and video. DCIs are particularly exposed to potential new legislation, and the current legal environment makes it hard to assess the future prospects of an investment in this space (see IND2).

## POTENTIAL AREAS OF REGULATION

We then asked Indian investors about specific areas of potential legislation and the degree to which they might become uncomfortable investing as a result. Overall, a majority or substantial minority of Indian investors would be deterred from investing in DCIs impacted by these potential areas of regulation - it is important to note that even a minority of investors deterred from investing could significantly reduce the pool of capital available to Indian DCI start-ups (see IND3-10).

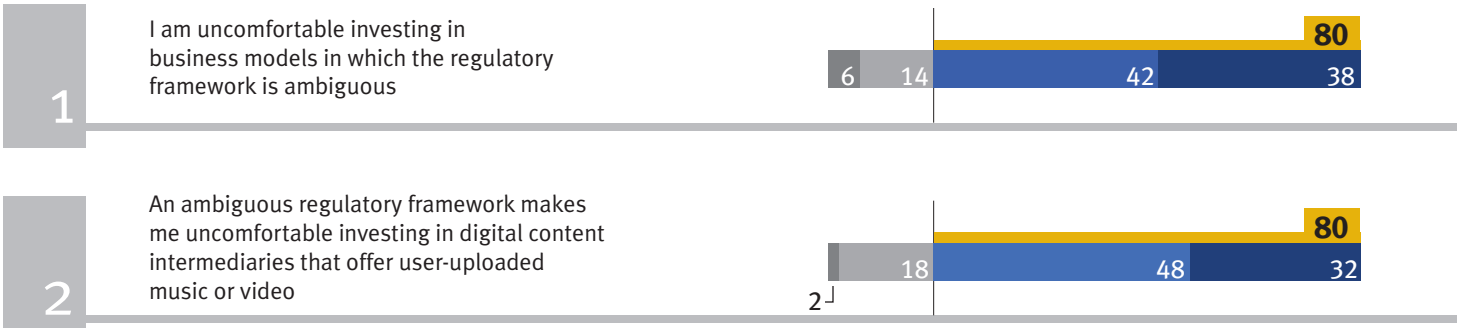
## PREFERENCE FOR LOCAL LAWS

Finally, we asked Indian investors whether they would prefer the US legal environment to that of India. Here the sentiment was that 78% of Indian investors would prefer Indian law.

## SUMMARY OF INDIAN FINDINGS

In summary, 78% of Indian investors believe the legal environment has the most negative impact on their investing activities with a significant majority of 80% concerned about investing in digital content intermediaries that are today confronted by ambiguity and uncertain outcomes, potentially large damages, and the risks of secondary liability if new anti-piracy regulations are introduced.

These findings highlight the concern of many lawmakers that unintended consequences might result from potential new internet regulations. Our findings illustrate that there is a risk that potential regulations might greatly curtail or cut off capital from the early stage companies that are driving global innovation, GDP growth and new job formation.



## INVESTOR CONCERN REGARDING POTENTIAL NEW REGULATIONS

+ Numbers shown in percents  
 + Totals may be impacted by rounding, and answers may not sum to 100% when some investors chose not to respond





# 6.5 ITALY

IN 2014, WE SURVEYED A STATISTICALLY RELEVANT SAMPLE OF 30 INVESTORS IN ITALY IN ORDER TO ASSESS THE DEGREE TO WHICH THE FUTURE LEGAL ENVIRONMENT MIGHT IMPACT THEIR BEHAVIOR WITH REGARD TO INVESTING IN DIGITAL CONTENT INTERMEDIARIES. (A DETAILED DESCRIPTION OF THE METHODOLOGY WE USED IS PRESENTED IN APPENDIX 1 AND THE DEFINITION OF SOPHISTICATED INVESTORS THAT WERE APPLIED ARE PRESENTED IN APPENDIX 2). THIS CHAPTER PRESENTS THE FINDINGS FROM THE ITALIAN SURVEY. IT SHOULD BE READ IN CONJUNCTION WITH THE EXECUTIVE SUMMARY OF THE 2014 REPORT AS WELL AS CHAPTER 5 - EMPIRICAL FINDINGS - COMMON THEMES ACROSS COUNTRIES, WITHOUT WHICH IT IS ONLY A PARTIAL DESCRIPTION OF THE RESULTS OF OUR WORK.

## OVERALL ITALIAN INVESTOR PERSPECTIVE ON LEGAL ENVIRONMENT

- Italian investors view the legal environment as having the most negative impact on their investing activities with 83% of the investors surveyed saying it had a modest or strongly negative impact. Italian investors agree with investors from the US and the rest of the EU that the current legal environment has a more negative impact on their investing than either a weak economy or an increased competitive environment.
- When we then asked Italian investors what it was about the legal environment that so concerns investors and impacts their investing behavior, the ambiguity in the current regulatory environment was identified as of significant concern. 80% of Italian investors surveyed said they are uncomfortable investing in an area with an ambiguous regulatory framework (see ITA1).
- This result increased to 83% when Italian investors were asked how this would impact their view on investing in digital content intermediaries that offer user generated music and video. DCIs are particularly exposed to potential new legislation, and the current legal environment makes it hard to assess the future prospects of an investment in this space (see ITA2).

## POTENTIAL AREAS OF REGULATION

We then asked Italian investors about specific areas of potential legislation and the degree to which they might become uncomfortable investing as a result. Overall, a majority or substantial minority of Italian investors would be deterred from investing in DCIs impacted by these potential areas of regulation - it is important to note that even a minority of investors deterred from investing could significantly reduce the pool of capital available to Italian DCI start-ups (see Table ITA3-10).

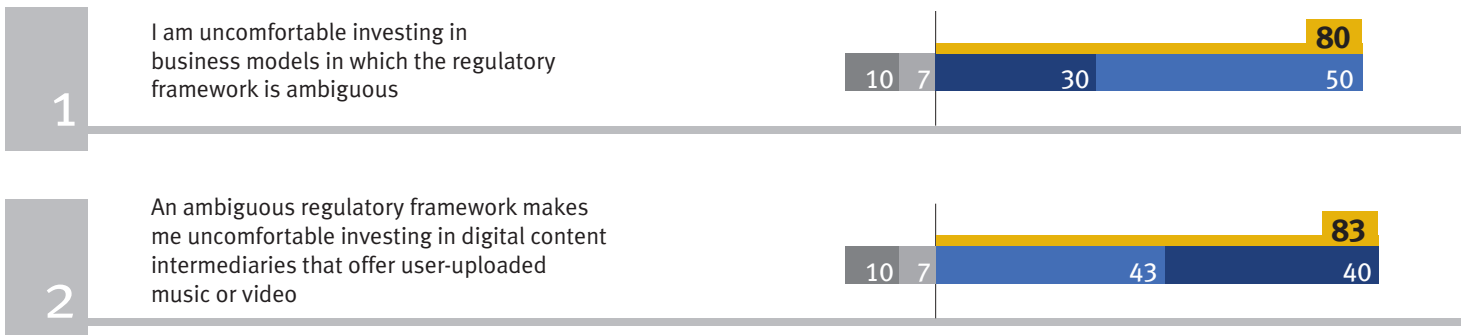
## PREFERENCE FOR LOCAL LAWS

Finally, we asked Italian investors whether they would prefer the US legal environment to that of the EU. Here the sentiment was that 67% of Italian investors would prefer US law - a marked contrast to other EU countries all of which preferred EU law.

## SUMMARY OF ITALIAN FINDINGS

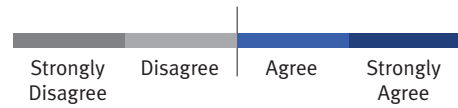
In summary, 83% of Italian investors believe the legal environment has the most negative impact on their investing activities with a significant majority of 83% concerned about investing in digital content intermediaries that are today confronted by ambiguity and uncertain outcomes, potentially large damages, and the risks of secondary liability if new anti-piracy regulations are introduced.

These findings highlight the concern of many lawmakers that unintended consequences might result from potential new internet regulations. Our findings illustrate that there is a risk that potential regulations might greatly curtail or cut off capital from the early stage companies that are driving global innovation, GDP growth and new job formation.



## INVESTOR CONCERN REGARDING POTENTIAL NEW REGULATIONS

+ Numbers shown in percents  
 + Totals may be impacted by rounding, and answers may not sum to 100% when some investors chose not to respond





# 6.6 SPAIN

IN 2014, WE SURVEYED A STATISTICALLY RELEVANT SAMPLE OF 30 INVESTORS IN SPAIN IN ORDER TO ASSESS THE DEGREE TO WHICH THE FUTURE LEGAL ENVIRONMENT MIGHT IMPACT THEIR BEHAVIOR WITH REGARD TO INVESTING IN DIGITAL CONTENT INTERMEDIARIES. (A DETAILED DESCRIPTION OF THE METHODOLOGY WE USED IS PRESENTED IN APPENDIX 1 AND THE DEFINITION OF SOPHISTICATED INVESTORS THAT WERE APPLIED ARE PRESENTED IN APPENDIX 2). THIS CHAPTER PRESENTS THE FINDINGS FROM THE SPANISH SURVEY. IT SHOULD BE READ IN CONJUNCTION WITH THE EXECUTIVE SUMMARY OF THE 2014 REPORT AS WELL AS CHAPTER 5 - EMPIRICAL FINDINGS - COMMON THEMES ACROSS COUNTRIES, WITHOUT WHICH IT IS ONLY A PARTIAL DESCRIPTION OF THE RESULTS OF OUR WORK.

### OVERALL SPANISH INVESTOR PERSPECTIVE ON LEGAL ENVIRONMENT

- Spanish investors view the legal environment as having the most negative impact on their investing activities with 97% of the investors surveyed saying it had a modest or strongly negative impact. Spanish investors agree with investors from the US and the rest of the EU that the current legal environment has a more negative impact on their investing than either a weak economy or an increased competitive environment.
- When we then asked Spanish investors what it was about the legal environment that so concerns investors and impacts their investing behavior, the ambiguity in the current regulatory environment was identified as of significant concern. 90% of Spanish investors surveyed said they are uncomfortable investing in an area with an ambiguous regulatory framework (see SPA1).
- This result increased to 93% when Spanish investors were asked how this would impact their view on investing in digital content intermediaries that offer user generated music and video. DCIs are particularly exposed to potential new legislation, and the current legal environment makes it hard to assess the future prospects of an investment in this space (see SPA2).

### POTENTIAL AREAS OF REGULATION

We then asked Spanish investors about specific areas of potential legislation and the degree to which they might become uncomfortable investing as a result. Overall, a majority or substantial minority of Spanish investors would be deterred from investing in DCIs impacted by these potential areas of regulation - it is important to note that even a minority of investors deterred from investing could significantly reduce the pool of capital available to Spanish DCI start-ups (see Table SPA3-10).

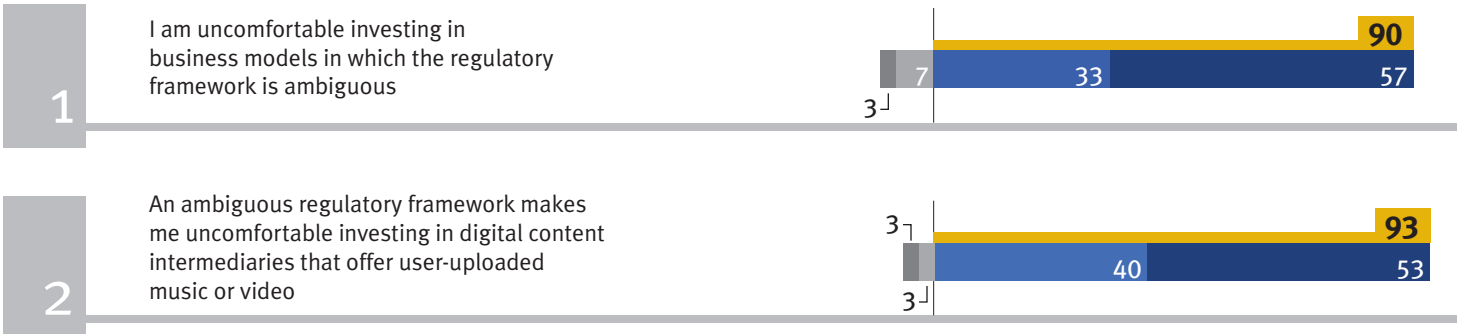
### PREFERENCE FOR LOCAL LAWS

Finally, we asked Spanish investors whether they would prefer the US legal environment to that of the EU. Here the sentiment was that 57% of Spanish investors would prefer EU law.

### SUMMARY OF SPANISH FINDINGS

In summary, 97% of Spanish investors believe the legal environment has the most negative impact on their investing activities with a significant majority of 93% concerned about investing in digital content intermediaries that are today confronted by ambiguity and uncertain outcomes, potentially large damages, and the risks of secondary liability if new anti-piracy regulations are introduced.

These findings highlight the concern of many lawmakers that unintended consequences might result from potential new internet regulations. Our findings illustrate that there is a risk that potential regulations might greatly curtail or cut off capital from the early stage companies that are driving global innovation, GDP growth and new job formation.



## INVESTOR CONCERN REGARDING POTENTIAL NEW REGULATIONS

+ Numbers shown in percents  
 + Totals may be impacted by rounding, and answers may not sum to 100% when some investors chose not to respond





# 6.7 UNITED KINGDOM

IN 2014, WE SURVEYED A STATISTICALLY RELEVANT SAMPLE OF 60 INVESTORS IN THE UK IN ORDER TO ASSESS THE DEGREE TO WHICH THE FUTURE LEGAL ENVIRONMENT MIGHT IMPACT THEIR BEHAVIOR WITH REGARD TO INVESTING IN DIGITAL CONTENT INTERMEDIARIES. (A DETAILED DESCRIPTION OF THE METHODOLOGY WE USED IS PRESENTED IN APPENDIX 1 AND THE DEFINITION OF SOPHISTICATED INVESTORS THAT WERE APPLIED ARE PRESENTED IN APPENDIX 2). THIS CHAPTER PRESENTS THE FINDINGS FROM THE UK SURVEY. IT SHOULD BE READ IN CONJUNCTION WITH THE EXECUTIVE SUMMARY OF THE 2014 REPORT AS WELL AS CHAPTER 5 - EMPIRICAL FINDINGS - COMMON THEMES ACROSS COUNTRIES, WITHOUT WHICH IT IS ONLY A PARTIAL DESCRIPTION OF THE RESULTS OF OUR WORK.

## OVERALL UK INVESTOR PERSPECTIVE ON LEGAL ENVIRONMENT

- UK investors view the legal environment as having the most negative impact on their investing activities with 93% of the investors surveyed saying it had a modest or strongly negative impact. UK investors agree with investors from the US and the rest of the EU that the current legal environment has a more negative impact on their investing than either a weak economy or an increased competitive environment.
- When we then asked UK investors what it was about the legal environment that so concerns investors and impacts their investing behavior, the ambiguity in the current regulatory environment was identified as of significant concern. 98% of UK investors surveyed said they are uncomfortable investing in an area with an ambiguous regulatory framework (see UK1).
- This result held true when UK investors were asked how this would impact their view on investing in digital content intermediaries that offer user generated music and video. DCIs are particularly exposed to potential new legislation, and the current legal environment makes it hard to assess the future prospects of an investment in this space (see UK2).

## POTENTIAL AREAS OF REGULATION

We then asked UK investors about specific areas of potential legislation and the degree to which they might become uncomfortable investing as a result. Overall, a majority or substantial minority of UK investors would be deterred from investing in DCIs impacted by these potential areas of regulation - it is important to note that even a minority of investors deterred from investing could significantly reduce the pool of capital available to UK DCI start-ups (see UK3-10).

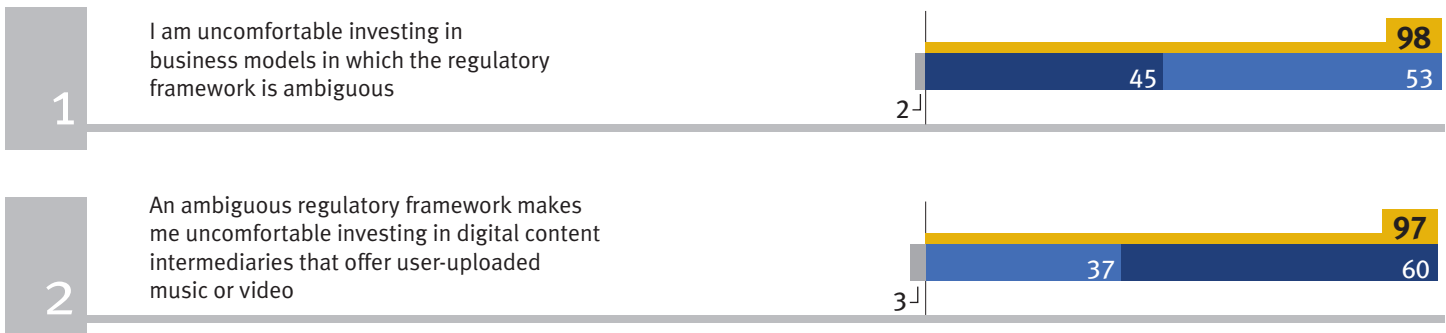
## PREFERENCE FOR LOCAL LAWS

Finally, we asked UK investors whether they would prefer the US legal environment to that of EU. Here the sentiment was that 80% of UK investors would prefer EU law.

## SUMMARY OF UK FINDINGS

In summary, 93% of UK investors believe the legal environment has the most negative impact on their investing activities with a significant majority of 97% concerned about investing in digital content intermediaries that are today confronted by ambiguity and uncertain outcomes, potentially large damages, and the risks of secondary liability if new anti-piracy regulations are introduced.

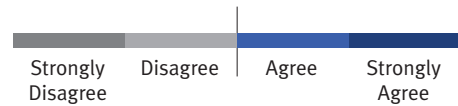
These findings highlight the concern of many lawmakers that unintended consequences might result from potential new internet regulations. Our findings illustrate that there is a risk that potential regulations might greatly curtail or cut off capital from the early stage companies that are driving global innovation, GDP growth and new job formation.





## INVESTOR CONCERN REGARDING POTENTIAL NEW REGULATIONS

+ Numbers shown in percents  
 + Totals may be impacted by rounding, and answers may not sum to 100% when some investors chose not to respond





# 6.8 UNITED STATES

IN 2014, WE SURVEYED A STATISTICALLY RELEVANT SAMPLE OF 70 INVESTORS IN THE US IN ORDER TO ASSESS THE DEGREE TO WHICH THE FUTURE LEGAL ENVIRONMENT MIGHT IMPACT THEIR BEHAVIOR WITH REGARD TO INVESTING IN DIGITAL CONTENT INTERMEDIARIES. (A DETAILED DESCRIPTION OF THE METHODOLOGY WE USED IS PRESENTED IN APPENDIX 1 AND THE DEFINITION OF SOPHISTICATED INVESTORS THAT WERE APPLIED ARE PRESENTED IN APPENDIX 2). THIS CHAPTER PRESENTS THE FINDINGS FROM THE US SURVEY. IT SHOULD BE READ IN CONJUNCTION WITH THE EXECUTIVE SUMMARY OF THE 2014 REPORT AS WELL AS CHAPTER 5 - EMPIRICAL FINDINGS - COMMON THEMES ACROSS COUNTRIES, WITHOUT WHICH IT IS ONLY A PARTIAL DESCRIPTION OF THE RESULTS OF OUR WORK.

## OVERALL US INVESTOR PERSPECTIVE ON LEGAL ENVIRONMENT

- US investors view the legal environment as having the most negative impact on their investing activities with 93% of the investors surveyed saying it had a modest or strongly negative impact. This finding confirms the 2011 finding that a large majority of early stage investors feel that the current legal environment has a more negative impact on their investing than either a weak economy or an increased competitive environment.
- When we then asked US investors what it was about the legal environment that so concerns investors and impacts their investing behavior, the ambiguity in the current regulatory environment was identified as of significant concern. 77% of US investors surveyed said they are uncomfortable investing in an area with an ambiguous regulatory framework (see US1).
- This then rose to 89% when US investors were asked how this would impact their view on investing in digital content intermediaries that offer user generated music and video. DCIs are particularly exposed to potential new legislation, and the current legal environment makes it hard to assess the future prospects of an investment in this space (see US2).

## POTENTIAL AREAS OF REGULATION

We then asked US investors about specific areas of potential legislation and the degree to which they might become uncomfortable investing as a result. Overall, US investors would be deterred from investing in the case of most of these potential new regulations, with the exception of the need to store user data on servers located in the same country where users are located where only a minority were put off investing (see US3-10).

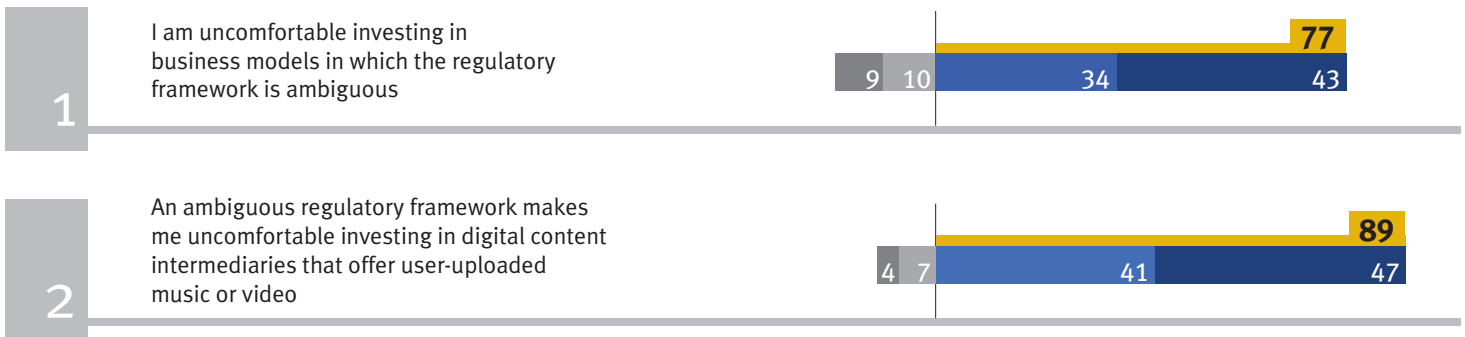
## PREFERENCE FOR LOCAL LAWS

Finally, we asked US investors whether they would prefer the EU legal environment to that of the US. Here the sentiment was that 76% of US investors would prefer US law.

## SUMMARY OF US FINDINGS

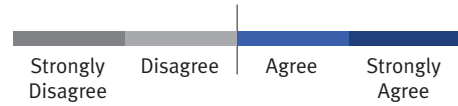
In summary, 93% of US investors believe the legal environment has the most negative impact on their investing activities with a significant majority of 89% concerned about investing in digital content intermediaries that are today confronted by ambiguity and uncertain outcomes, potentially large damages, and the risks of secondary liability if new anti-piracy regulations are introduced.

These findings highlight the concern of many lawmakers that unintended consequences might result from potential new internet regulations. Our findings illustrate that there is a risk that potential regulations might greatly curtail or cut off capital from the early stage companies that are driving global innovation, GDP growth and new job formation.



## INVESTOR CONCERN REGARDING POTENTIAL NEW REGULATIONS

+ Numbers shown in percents  
 + Totals may be impacted by rounding, and answers may not sum to 100% when some investors chose not to respond





# 7

# CONSISTENT 2014 AND 2011 FINDINGS

THIS 2014 STUDY CONDUCTED BY FIFTH ERA WITH THE SUPPORT OF ENGINE RESEARCH FOUNDATION EXAMINED A BROAD RANGE OF POTENTIAL AREAS OF FUTURE REGULATION, AND SURVEYED 330 EARLY-STAGE INVESTORS IN EIGHT COUNTRIES IN ORDER TO ENSURE A BROAD VIEW OF PERSPECTIVE AROUND THE WORLD.

In 2011 a similar study was conducted in France, Spain, the UK and the US by Booz & Company under the leadership of Matthew Le Merle. That study surveyed a total of 189 US investors and 54 European investors, for a total of 243 investors, and interviewed 24 prominent US and 10 EU VCs.

It is of value to compare the findings of this study, with the findings of 2011 to the extent that the issues under examination overlapped. It provides an interesting view of whether investor sentiment is consistent or changing on the impact that internet regulation might have on their investing activities. The summary of findings in 2011 with a comparison to the results of the 2014 surveys in the four common countries follows:

## 2011 FINDING 1

- Increasing liability for content providers would have a greater negative impact on early-stage investment than would a weak economy and an increased competitive environment combined.

## 2014 FINDING 1 COMPARISON

- In 2014 in each of France, Spain, the UK and the US the legal environment is seen as the most negative influence on investing in this space and is seen to have a significantly greater negative impact on early-stage investing than either a weak economy or an increased competitive environment. In France 90% of investors say the legal environment has a modest negative or strongly negative impact on their investing. In Spain 97%. In the UK 93% and in the US 93%.

## 2011 FINDING 2

- Holding DCI's liable for the content uploaded by users would have a significantly negative effect on investment in this space.

## 2014 FINDING 2 COMPARISON

- In 2014 we found a confirmation of investor sentiment around this issue, however for the most part investors still prefer to see users held accountable rather than the websites that serve as intermediaries for the users.

## 2011 FINDING 3

- Regulations making users more easily prosecuted for copyright violations would have a negative effect on investment in this space.

## 2014 FINDING 3 COMPARISON

- In 2014 investors confirmed their view on this issue.

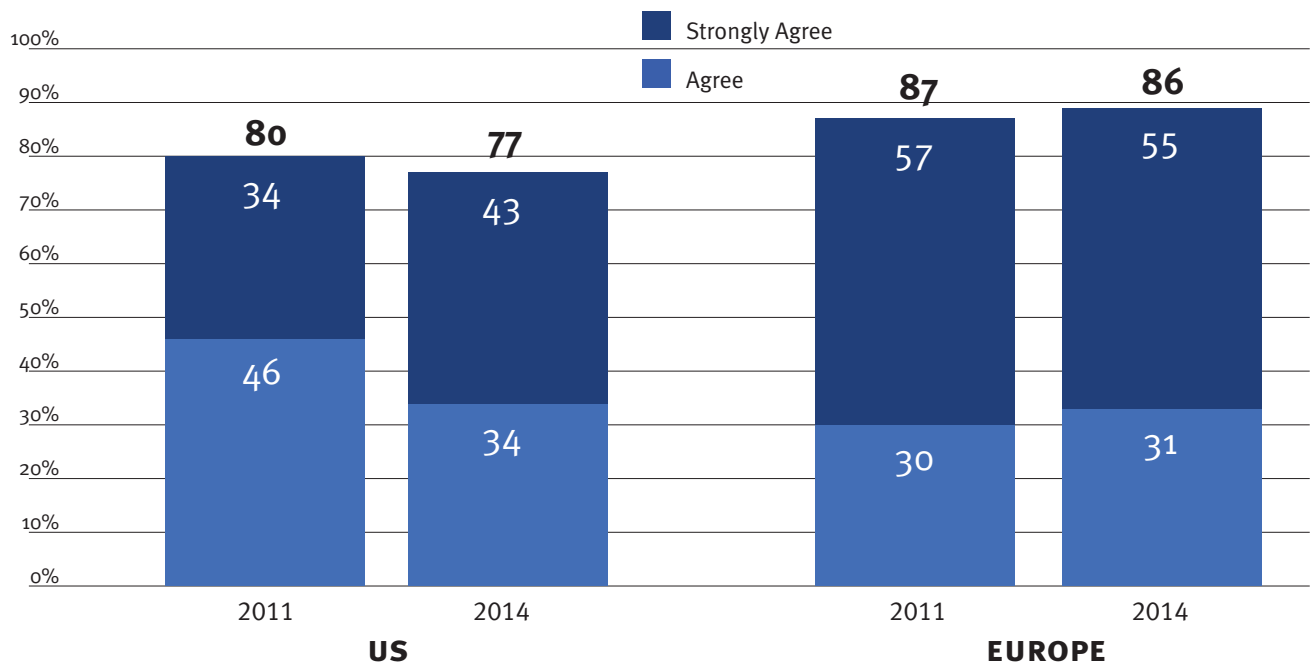
## 2011 FINDING 4

- A large majority of angels and VCs support increased clarity in copyright law, especially if it would decrease the level of ambiguity surrounding the probability of facing a lawsuit in cases of copyright infringement, as well as the size of damages in the event of liability. Fully 80 percent report being uncomfortable investing in business models in which the regulatory framework is ambiguous.

## 2014 FINDING 4 COMPARISON

- In 2014 we see the 2011 Finding 4 essentially unchanged. A large majority of the investors we surveyed in France, Spain, the UK and the US continue to support increased clarity in copyright law, especially if it would decrease the level of ambiguity surrounding the probability of facing a lawsuit in cases of copyright infringement, as well as the size of damages in the event of liability. In 2014, we see investors reporting that they are uncomfortable investing in business models in which the regulatory framework is ambiguous (see Exhibit Comparison). In France we see 80% of investors saying this. In Spain 90%. In the UK 98% and in the US 77%. Across the eight countries surveyed globally, the average response on this issue is 84% and the EU average 86%.

Percent who agree with this statement



In summary, the findings of the 2011 surveys of France, Spain, the UK and the US are consistent and are reaffirmed in our 2014 surveys in those same countries.

# 8

# CLEAR IMPLICATIONS FOR LAWMAKERS

THE FINDINGS OF OUR RESEARCH ARE THAT POTENTIAL NEW INTERNET REGULATIONS COULD HAVE PROFOUND, AND MOSTLY NEGATIVE UNINTENDED CONSEQUENCES ON EARLY-STAGE INVESTMENT ACTIVITY. IN ALL EIGHT COUNTRIES THAT PARTICIPATED IN OUR RESEARCH, EARLY-STAGE COMPANIES ARE A MAJOR DRIVER OF INNOVATION, GDP GROWTH AND JOB CREATION. AS A RESULT, THESE FINDINGS ARE OF GREAT SIGNIFICANCE TO EACH COUNTRY'S LAWMAKERS.

The world wide findings make clear that investors are consistently saying:

- **Legal Environment.** The legal environment is viewed as the most negative force in investor decision making - it has a greater potential impact on their decisions than the state of the economy, the degree of competition in the investment space, or even the expected returns from their investments
- **Uncertain and Potentially Large Damages.** Investors in each country agree that uncertain and potentially large damages make them uncomfortable about investing in DCIs.
- **Secondary Effects of IP Infringement Regulations.** Finally, across the eight countries, investors would be deterred from investing in DCI's that offer user uploaded music or video should new anti-piracy regulations increase the risk that their investments would be exposed to secondary liability in IP infringement cases.

These findings may not come as a surprise to some, and those countries that participated in both 2011 and 2014 (France, Spain, the UK and the US) have come back with consistent responses four years later. However, it is of note that new regulations recently enacted in some countries may not have fully considered and incorporated early-stage investor perspective into the lawmaking process. Given the fundamental role that early-stage capital plays in driving the innovation process in these same countries, this may not be wise.

## AS SUCH LAWMAKERS SHOULD:

- Seek to create a less negative environment for early-stage Internet investment, while reducing ambiguity in the regulatory context especially with regard to uncertain and potentially large damages and the risks of secondary effects of IP infringement regulations.
- Reach out to early-stage investors in their own countries before, during and after the lawmaking process to ensure that new or contemplated regulations are fully understood - including for their potential unintended consequences on capital availability to the early-stage companies and innovators that are driving forward the local country economies

Where adverse consequences are unavoidable, be clear about this, and consider adjustments that might mitigate the risk of capital flight.

Information regarding early stage investors and their perspectives and concerns is hard to come by and yet these same constituencies are the drivers of early stage company formation and innovation. In order to capture their thinking, this study conducted primary research in eight countries - Australia, France, Germany, India, Italy, Spain, the UK and the US. In each country online surveys were designed to capture investor sentiment and allow quantification of the likely impact of future internet regulations. To supplement the online surveys, targeted interviews were conducted with early stage investors and prominent VCs.

The survey instrument itself was first drafted by Fifth Era and Engine Research Foundation before being tested in each country to ensure that it was an effective tool, and also that translations into the home languages of France, Germany, Italy and Spain would create consistent results. Country specific criteria were defined so that the definition of “sophisticated investor” would have meaning in each country even though this created some disparities between countries regarding who would be allowed to take the survey instrument (see Appendix 2).

We then worked with leading panel companies in each of the eight countries to ensure that the survey yielding statistically relevant samples of the country specific sophisticated investors. In total, 330 sophisticated investors completed the survey and were verified respondents. Potential respondents that did not meet the sophisticated investor definitions in each country were not allowed to take the survey. Survey responses that included incomplete answers were removed as well as those from respondents who spent less than five minutes providing their responses, since this was deemed too short a period during which to thoughtfully complete the survey. A copy of the entire survey is available on request.

Towards the end of the survey instrument, respondents were asked to share the investor groups of which they are a part. The full list of participating angel and investor groups represented in this survey is provided in the Acknowledgements section of this report.



### SOPHISTICATED INVESTOR DEFINITIONS

This report surveys angels to explore the effects of potential regulations on investment behavior and readiness, which ultimately the likelihood that early stage companies will receive financing required to drive innovations forward. We surveyed investors from eight countries in the course of this study, reflecting the growing presence and importance of early-stage investors globally. It was important to ensure that only appropriate investors be allowed to participate in the surveys, however, there is no single definition of angel investor, business angel, or sophisticated investor that is maintained in all of the eight countries surveyed. We decided that it was most important that each country recognize the investors we surveyed in the context of their local market and regulatory context. As a result country specific criteria were defined so that the definition of “sophisticated investor” would have meaning in each country even though this created some disparities between countries regarding who would be allowed to take the survey instrument.

#### AUSTRALIA

The Australian “sophisticated investor rule” was used as the basis for the qualification questions. Investors were allowed to take the survey if their annual income exceeded AU\$250,000 during the last two financial years or their net assets exceeded AU\$2,500,000 in the last financial year.

#### FRANCE, GERMANY, ITALY AND SPAIN

In Continental Europe we took account of the Markets in Financial Instruments Directive (MiFID) and its definition of “elective professional clients” to set the survey criteria. French, German, Italian, and Spanish survey takers were allowed to participate if the current value of their total investment portfolio, including cash and financial instruments was over Euro 500,000 and they confirmed that they had experience in making direct investments in early stage companies, either as a “business angel”, as part of an investment group, or in another VC context.

#### INDIA

In India, SEBI has defined accredited investors as qualified institutional buyers, companies with a minimum net worth of Rs 20 crore, HNIs with a minimum net worth of Rs 2 crore or more and eligible retail investors. Indian survey takers were allowed to take the survey if their net tangible assets excluding the value of their primary residence exceed 2 Crore Rupees and if they confirmed that they have early stage investment experience, or have experience as a serial entrepreneur, or are a senior management professional with at least ten years of experience.

#### UNITED KINGDOM

For the purpose of the survey, the UK definition of high net worth individual was used as the qualifying condition for an investor to take the survey. Respondents were required to have annual income during the last financial year of at least 100,000 pounds, or if they did not qualify under this criteria, the needed to have net assets excluding the value of their primary residence, any loan secured on that residence and the value of insurance and pension policies of over 250,000 pounds.

#### UNITED STATES

The US definition of an accredited investor was used as the basis for the qualification questions. Investors were allowed to take the survey if their annual income exceeded \$200,000, or their total annual household income (their and their spouses income combined) exceeded \$300,000 or their total net worth, excluding principal residence exceeded \$1,000,000.

## APPENDIX 3

### PARTICIPATING INVESTOR GROUPS AND ORGANIZATIONS

We would like to acknowledge and thank the following investor groups and organizations as well as all of the individual investors that participated in our study. We are also acknowledging those who provided additional insights which we have reported in the contents of this report:

Alliance of Angels  
Angel List  
Angel Resource Institute  
ARF Angels  
Band of Angels  
Boise Angel Fund  
BCN Business Angels  
Beer & Partners  
Bulgarian Business Angels Network  
Cambridge Angels  
Cartun Angels  
Crowdcube, UK  
Digital Assets Deployment  
Dingman Angels  
East Angels  
EBAN  
Gruppo Baventino  
Harvard Angels  
IESE  
Investir en Direct  
Keiretsu Forum  
New Mexico Angels  
Oregon Entrepreneurs Network  
PA Angel Network  
Plug and Play Tech Center  
Sacramento Angels  
Sierra Angels  
Tetuan Valley

We would also like to thank the numerous VCs and legal experts we interviewed for the 2014 and/or 2011 study for offering their expertise and insights. In particular, we give mention to the following, as well as four others who preferred to remain anonymous:

August Capital  
Axon Capital  
Baker & McKenzie LLP  
Bird & Bird  
BV Capital  
Cabiedes & Partners  
Caixa Capital Risc  
Crosslink Capital  
ECIJA  
Fenwick & West LLP  
Foley & Lardner LLP  
Globespan Capital Partners  
Granite Ventures  
Greylock Partners  
GSR Ventures  
Harbottle & Lewis LLP  
Intel Capital  
Jetty Capital  
Kemp Little LLP  
Martin Varsavsky  
Nauta Capital  
Next World Capital  
OATV  
Okuri Ventures  
Rho Capital Partners  
Rustic Canyon Partners  
Scale Ventures  
Selby Ventures  
Silver Lake  
Sofinnova Ventures  
Startup Bootcamp  
Techfirm  
TeleSoft Partners  
TVG Capital Partners  
U&Law  
Vantage Point Venture Partners  
Wilson Sonsini Goodrich & Rosati LLP

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<sup>5</sup> Jeffrey Sohl, "The Angel Investor Market in 2013: A Return to Seed Investing", Center for Venture Research, April 30, 2014

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### FIFTH ERA

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