



BRAVE CHANGING WORLD:  
INBOUND KEEPING YOU POSTED

News & Views #29

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*Lazy Sunday? Not at Inbound! In this week's collection of our posts, we focus on the surge in SPACs' activity that mirrors their relatively newfound popularity, the growing importance of digital in the art ecosystem, consolidation among stock exchanges and crowdfunding platforms, driverless robotaxis, surveillance with tracing apps, ESG packaging, the dirth of blockbusters, the dividend vs. investment trade-off and why activists deserve better than being called locusts!*

*Have a good read!*

*The Inbound Capital team*

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## SMALL CAPS



### SPACS! SPACS EVERYWHERE! ROBLOX IS GAME ON

ROBLOX considering a direct listing early next year probably via the SPAC route (Special Purpose Acquisition Company) is both the latest digital games company coming to the market - much to parents' chagrin, interactive games and e-sports have been a collateral benefit of the lockdown and their digital games' valuations have followed suit (we won't complain given our current involvement with UK start-up BLAST ([www.blastpremier.com](http://www.blastpremier.com))) - and another example of the rise in popularity of SPACS. Inbound is well placed to tell given its key role with the successful IPO of EdTechX Holdings. In the US - the most sophisticated market for SPACs - the latter are having a banner year so far. Can there be too much of a good thing? Time will tell but it's clear that it's also IPOs as we know them that have entered a so-called New World.

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### SPACS! SPACS EVERYWHERE! PLAYBOY RETURNS

In "soft power" there is "power" and the Playboy brand definitely keeps some - it also beats some other so-called global iconic brands flat out. The death of Hugh Hefner - a beacon of cultural enlightenment for young men and their elders - in 2017 saddened us and we thought we reached (rock) bottom the Playboy Group stopped its print magazine edition in the US earlier this year. So it's with a mixture of relief and trepidation that we are seeing the return of the Playboy Group to the stockmarket via the SPAC (Special Purpose Acquisition Company) route. Given the critical role Inbound played with the EdtechX Holdings's IPO, we did not need to be convinced about the listing benefits of SPACs: now we see their cultural raison d'être as well! Shame the

prospectus is not a Playboy centrefold, though.

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## START-UPS & TECH



### WHEN ARTEÏA MEETS VINTED: AUCTION HOUSES x VINTAGE FASHION

Social distancing measures and lockdown have forced auction houses including leaders Christie's and Sotheby's to accelerate their online mutation and to diversify their offer towards a different kind of public, by essence younger and more digital friendly. Second-hand luxury goods and vintage fashion start-ups like Vinted have been among the main beneficiaries of this shift - just check the price of those (a pair of Nike Air Jordan 1 sneakers worn and signed by Michael Jordan himself fetched \$615,000 in August!). The digital acceleration of the art ecosystem is great for Arteïa, the same is true of the new digital consumption habits in fashion for leading fashion renting firm Une Robe Un Soir.

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### ARTEÏA IS ALREADY WHERE THE ART WORLD IS GOING: GALLERIES' DIGITAL REVENUES

Fascinating to hear leading gallerist David Zwirner expect the portion of his own gallery's sales derived from fairs to drop as digital revenue rises from single digits to 20-30% of the total (online traffic grew 600% during the lockdown). "In many ways it's superior to an art-fair model: wider

reach, people can talk to you while they're working.". Overall he expects his gallery's revenues for the year to be down 30% or less - in line with our -32% forecast decline for the fine art trading market overall in Inbound's Art x Digital White Paper: <https://lnkd.in/g7TJKDb>

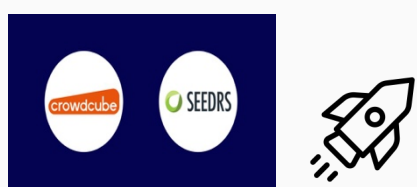
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## FROM IRON MAN TO ANT-MAN! CONGRATULATIONS

to leading sustainable food start-up YNSECT - part of FrenchTech' Next40 emerging global leaders - for raising \$372m from high profile backers, including leading VCs and film star Robert "Iron Man" Downey Jr's Footprint Coalition. Inbound is proud to provide investor introductions to Ynsect's main backer: Singapore-based VisVires NewProtein fund (<https://lnkd.in/eBp67bS>). Proof again of how fertile the cooperation between European start-ups and Singaporean investment specialists has become in a short amount of time. Sustainable Food Avengers assemble!

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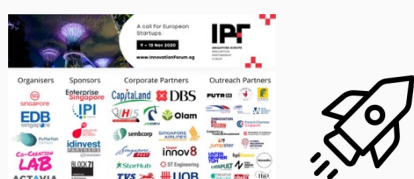


## CROWDCUBE SEEDRS (C+S) MERGER - CONSOLIDATION BEGINS?

There is little doubt that C+S have made a potent contribution to the enviable growth of the #UK #startup funding ecosystem created over the past decade. Underpinned by generous incentives offered within the UK's SEIS and EIS schemes, C+S have become synonymous with the funding success of some of #britain best known B2C #startups. The exceptional pace of development around the startup ecosystem is a new challenge for both companies and a harsh reality is that for all their noise and influence, there is much greater action in startup funding away from these platforms. Seedrs is the more progressive company and at least contribute the future CEO, but

the doubters will question that either platform standalone or combined make economic sense. In 2019 both companies reported significant losses, demonstrating that even by charging outlandish fees (6-7% of funds raised) they came nowhere near to covering costs. A key differentiator has been Seedrs creation of a secondary market, which it has recently opened to all startups. An eye-catching and necessary development but at some cost to the P&L. Bottom Line : The combined entity needs become a recognised investment boutique and move toward B2B financing to succeed.

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## UK/EUROPEAN START-UPS IN SINGAPORE:

fantastic success thanks to the the Economic Development Board! Inbound looks forward to building investor interest in Singapore for its UK/European start-ups and innovative SMEs.

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## DRIVERLESS ROBOTAXI IN PHOENIX

Waymo, the autonomous vehicle division of Alphabet (parent company of Google), announced Thursday that it will open its fully driverless robotaxi service to a wider audience in Phoenix (Arizona, US). There will be no more technician on board.

Only selected members of the “Waymo One” service will initially be able to board the autonomous taxis available 24 hours a day via a dedicated app, but the company plans to open its service to more users within weeks. It is due to operate a fleet of Pacifica autonomous mini-vans developed in partnership with Fiat Chrysler Automobiles within a perimeter of 250 square kilometres around Phoenix.

Waymo is the first company to offer paid trips in cars without any human pilots on board. Earlier this year, the company raised more than \$3bn from private equity groups and venture capitalists. It was the first time the company had funded itself outside of Google. These new developments will bring transformational changes and have a disruptive impact not only for Uber drivers, but also for the entire automotive industry and its business model.

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## FINANCE & ECONOMY



### ESG PACKAGING AND BRANDS: HEED THE RECKITT'S ADVICE

When it comes from one of the biggest packaged goods companies, Reckitt Benckiser, the advice not to oversell the climate change story has to be taken seriously. Its hygiene CMO explains that there is a “natural tendency” for marketers to “oversell a story” and that they should rely on those with more expertise such as NGOs or charities who understand better and have a better knowledge of climate change. NGOs can help brands to commit in a way that is authentic and genuine and long-term. According to him, there are two groups of brands: (i) the brands that are limiting the negative: reducing their impact and focusing on society’s commitment to plastic recycling, more sustainable ingredients, and less waste, etc and (ii) the brands which are acting and trying to create positive impact for change. He gave the Ikea's example, which has been turning up the temperature in some of its stores by 4 degrees in a bid to the effects of highlight global warming. Coronavirus has accelerated fears among consumers about the climate crisis. His advice to brands is: “How can you actually put all these notions like sustainability [into your brand]? “[Ask] to what goal can it connect?” He concludes: “Everyone should ask what can I do? How can I help? To the delivery of what goal?”. [#sustainability](#)

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## EURONEXT IS BECOMING THE LEADING EQUITY MARKET IN EUROPE...

...the announcement of the acquisition of Borsa Italiana on Friday.

The combined group will boast 1,800 listed companies - more than half of which are Eurostoxx 50 members - with a total market capitalization of €4.4Tn and would have generated a turnover of €1.2bn in 2019. The deal will further expand Euronext's reach, adding Milan to the list of the stock exchanges where it operates, already including Paris, Amsterdam, Brussels, Lisbon, Dublin and Oslo.

The group will also strengthen its post-market service offering with the addition of a central depository and a clearing house. After several previous inconclusive attempts, Euronext will finally be able to develop in fixed income activities, thanks to the MTS platform.

Euronext, with its 2 Italian partners Cassa Depositi e Prestiti (CDP) and Intesa Sanpaolo will spend €4.3bn for the group. Euronext claims that the operation will be immediately accretive and expects synergies of €60m p.a. from the 3rd year. The case was also eminently political, Borsa Italiana owning the MTS platform, which concentrates a large part of the transactions on Italian sovereign debt.

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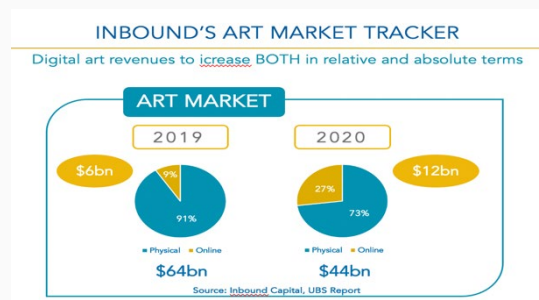
## DE-BUNKING FINANCIAL MYTHS: ACTIVISTS vs. SHORT-TERMISM

Activists are often considered as the "bad guys" who want to make quick gains. More and more, it seems that it is the opposite as they invest to put pressure on companies to implement strategies that will create value on the long term. This is the case of Daniel Loeb. His fund, Third Point Management, which has more than \$10.8 billion in assets, is now one of Disney's largest single investors. Loeb wants Disney to cancel its annual \$3 billion dividends to re-direct the

funds to content spending on Hulu, ESPN+, and Disney+, the latter being a competitor of Netflix. If this decision will not make all shareholders happy in the short term, it makes sense in the longer term as Netflix invests \$17bn/year in original content vs only \$1bn for Disney. According to Loeb: “The ability to drive subscriber growth, reduce churn and increase pricing present the opportunity to create tens of billions of dollars in incremental value for Disney shareholders in short order, and hundreds of billions once the platform reaches larger scale.” Who said that activists were short term investors? [#streamingmedia](#) [#activist](#)

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## WHITE PAPERS & STUDIES



### ARTEIA IS ALREADY WHERE THE ART WORLD IS GOING: INBOUND'S DIGITAL ART MARKET TRACKER

Anecdotal evidence like The Robb Report (<https://lnkd.in/e96ADxY>) vindicates our forecasts in our Art x Digital White Paper published in June of a global fine art market down 32% overall this year (to \$44bn), with a doubling of digital revenues (\$12bn) partially making up for a 45% decline in traditional physical sales (\$32bn): <https://lnkd.in/g7TJKDb>

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## CORO-TRACING APPS vs. GRAND FRÈRE

The launch of Covid contact tracing apps is likely to lead to the launch and expansion of many other surveillance related apps for two reasons: firstly, Covid apps have lessened the public's sensitivity to surveillance and secondly the technology will inspire a myriad of coders and entrepreneurs to develop new applications centred around tracking technology. There will even be games based on device tracking.

The US crime reporting app Citizen predates Covid, but it has since developed Covid tracking features and it is an example of what is to come.

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## LIFESTYLE & OTHER



## DON'T BLOCK OUT THE BLOCKBUSTERS!

When was the last time you went to see a blockbuster in a movie theater? I must confess that my last time was one month ago to watch "Tenet" (I used to go twice a week pre-Covid). I also must say that I have, very close to where I live in Paris, a new movie theater which was empty, even before Covid-19. But, to wear a mask during 2 hours in a place where you are supposed to relax is not the best experience and now I prefer to stay at home to watch a movie sitting comfortably in front of my TV. So, I can easily understand why all studios postponed the release of their tent-poles until the end of 2021 (or 2022). But by doing this they have entered a vicious circle as due to the lack of blockbusters theaters are closing and as there are less theaters, studios push back their releases. At the end of the day, studios will have to choose between further delays or depending on VOD to make money (and Mulan didn't prove that it can work!). So think about it,

maybe it is time to try and go to see a movie in a theater if you want to still be able to do it when we will be back to normal! [#blockbusters](#) [#movietheaters](#)

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Inbound Capital has acted as fund raising and IPO advisor for EdtechX Holdings and then outsourced IR for EDTX US.

Inbound Capital provides selected investor introductions to VisVires New Protein.

Inbound Capital provides PR services to Une Robe Un Soir.

Inbound Capital is sole advisor to private company ARTEÏA.

Inbound Capital is sub-advisor for private company Blast.

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