

Startup  
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# SEP MONITOR

FROM UNICORNS TO REALITY

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## A FIVE-COUNTRY COMPARISON OF EUROPEAN ICT SCALEUPS



POWERED BY



# SEP MONITOR

## FROM UNICORNS TO REALITY

### A FIVE-COUNTRY COMPARISON OF EUROPEAN ICT SCALEUPS

SEP Monitor is published by Startup Europe Partnership (SEP) in collaboration with PEDAL Consulting /Ud'Anet and CrESIT.



#### **About Startup Europe Partnership (SEP)**

Established by the European Commission in January 2014 at the World Economic Forum in Davos, SEP is the first pan-European platform dedicated to transforming European startups into scaleups by linking them with global corporations. By participating in the SEP program, global companies can help this process via business partnerships and strategic and venture corporate investments, providing them with access to the best technologies and talents through procurement of services or products, corporate acquisition or “acqui-hiring”.

SEP is led by Mind the Bridge Foundation, a non-profit foundation based in Italy and United States, with the support of Nesta (the UK’s innovation foundation), The Factory campus for startups and mature tech companies in Berlin, and Bisite Accelerator (Madrid/Salamanca).

SEP is a Startup Europe initiative. Partners include Telefónica, Orange, BBVA (Founding), and Telecom Italia, Unipol Group, Microsoft and Enel (SEP Corporate Member), with the institutional support of the European Investment Fund/ European Investment Bank Group, Cambridge University, IE Business School and Alexander von Humboldt Institute for Internet and Society.

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## A 5 COUNTRIES OVERVIEW

### INTRODUCTION

This current SEP Monitor presents evidence about ICT scaleups from five ecosystems (France, Germany, Italy, Spain and the United Kingdom). The good news is that we identified approximately 1.000 scaleups in these five countries only. And almost 400 exits in the last five year period for the same geographies.

Ultimately a valuable starting point. **Now it is time to scale-up.**

- Alberto Onetti

### EUROPE: THERE IS LIFE ON PLANET SCALEUP

**990** scaleups  
mapped

**5** countries  
analyzed



### BREAKING THE "EARLY-STAGE BARRIER"



**\$23** billions  
raised



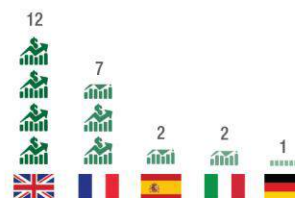
### LOOKING FOR EU UNICORNS

**37** "scalars"  
mapped



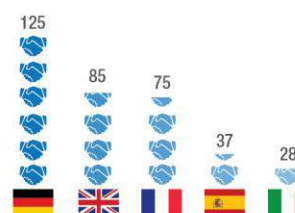
### THE MISSING BRICK: IPOs

**24** IPOs



### A GROWING M&A PATTERN

**350** M&As



## INTRODUCTION

**T**he problem we have in Europe is, as indicated in the Startup Manifesto, that “Continental Europe currently does not create new business destined for growth as well as other parts of the world, Silicon Valley in particular”. High Tech giants do not live in Europe and, even when born here, they grow elsewhere.

Despite that, in the last few years, **vital startup ecosystems have been growing** in almost every European country. **Europe today is a definitively better place to be for startups**, also compared with just a few years ago.

But the number of scaleups, *i.e.*, startups that have been able to break the “early-stage barrier” and are a candidate to become large global companies and real job creators, remain limited.

This current SEP Monitor presents evidence about **ICT scaleups from five ecosystems** (France, Germany, Italy, Spain and the United Kingdom).

Rather than looking for the “Unicorns” (*i.e.*, private companies with more than one billion dollar valuation), **we analyzed the “Scaleups” and “Scalers”**, *i.e.*, startups able to respectively raise over \$1 and \$100 million. Quantity over valuation.

The good news is that we identified approximately 1,000 scaleups and 40 scalers in these five countries only (we haven’t yet mapped the Nordics and the Eastern Europe that are pretty active regions). And almost 400 exits in the last five year period for the same geographies.

Ultimately a valuable starting point.

**Now it is time to scale-up.**

**Alberto Onetti**

Chairman, Mind the Bridge Foundation  
Coordinator, Startup Europe Partnership

### **Disclaimer no. 1:**

The current analysis is limited to France, Germany, Italy, Spain and the United Kingdom. Scaleups and exits from other countries are not included.

### **Disclaimer no. 2:**

The current analysis is limited to ICT companies. Other key areas in the startup ecosystem, such as biotech/life science, hard-tech and cleantech, are currently under investigation and are not included.

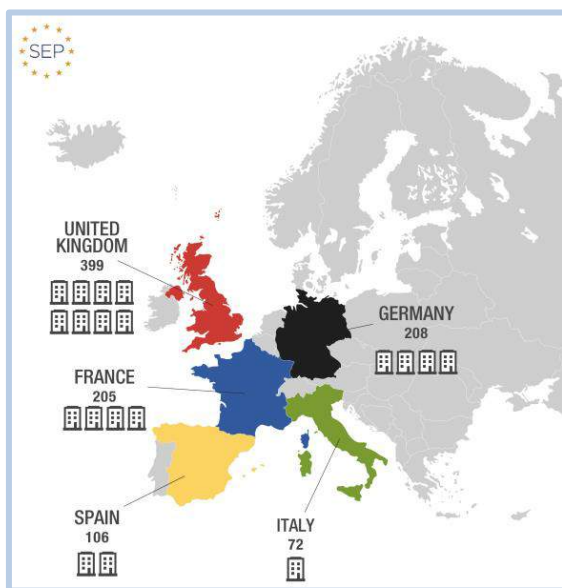
### **Disclaimer no. 3:**

SEP includes in the scaleup category startups that raised over \$1 million (see Methodology for further details). This criterion might fail to consider startups that are scaling-up in a sustainable way (such as bootstrapped companies that grow organically and generate revenue and employment), while it includes startups that raised enormous seed investment while still in the “search phase.” Although data fail to represent the complete scaleup landscape, we chose this methodology because it is the only one that allows an up-to-date “who’s who” of scaling-up in the various startup ecosystems. It is redundant to report revenue and employment data (the real key variables to assess growth of a startup) as most cases are private companies, and many countries are simply not accessible in a reasonable timeframe.

EUROPEAN SCALEUPS:  
UK LEADS, GERMANY AND FRANCE FOLLOW

The SEP mapping & scouting database identified a total of **990 scaleups** in five countries: France, Germany, Italy, Spain and the United Kingdom. Among these five countries, **UK leads far ahead**: its **399 scaleups** amount to almost double those in Germany or France and quadruple the scaleups in Spain and Italy. ♦

Figure 1: Number of Scaleups



Source: SEP Monitor – May 2015

\$23B RAISED IN FIVE COUNTRIES

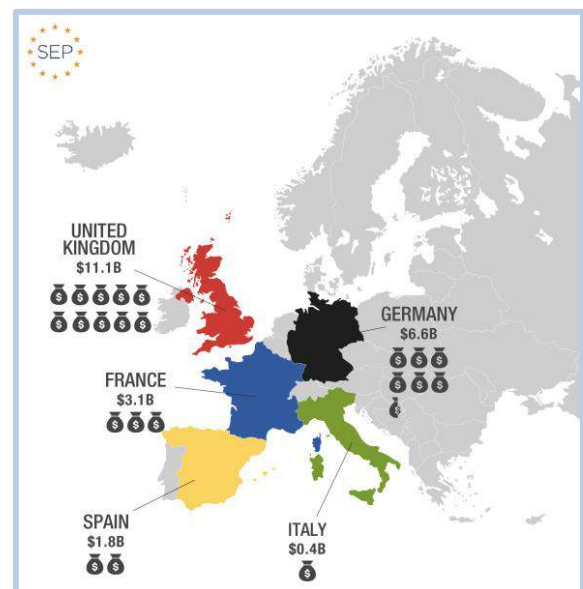
The 990 scaleups of these five countries managed to raise a total of **\$23 billion of capital**, including funding collected through IPOs. Differences among the five countries in the amount of capital raised are even bigger than the differences in terms of number of scaleups.

With **\$11.1 billion**, UK scaleups alone raised nearly half of the total amount: this represents 1.7 times more financing than German startups and 3.6 times more than France. Though France and Germany host almost the same number of scaleups, **German scaleups raised twice the amount of capital than their French neighbors**.

“The 990 scaleups of these five countries managed to raise a total of \$23 billion of capital”

If we move south and look at the Mediterranean region, the availability of capital to fuel growth gets further reduced.

Figure 2: Capital Raised (VC+IPO)



Source: SEP Monitor – May 2015

**Spanish scaleups raised less than \$2 billion,** slightly more than the half of capital available in France and less than a third of the amounts offered to German scaleups.

Comparison with the UK is unfair. Even worse is the situation in Italy.

**Italian scaleups raised only \$0.4 billion,** 28 times less than UK, despite having only 6 times less scaleups.

Italy shows a huge gap also towards Spain: the 106 Spanish scaleups raised 4.5 times more capital than the 72 Italian scaleups.

If we look at the average capital raised per scaleup, UK scaleups got \$27.8 million, \$31.7 million went to Germany, \$15.1 million to France, \$17 million to Spain and only \$5.6 million to Italy.

**“The scale-up process of startups in Europe depends to a large extent on venture capital. The stock markets play a relevant role (30%+ of capital raised) only in the UK and Spain”**

Note that average amounts – specifically for countries where the number of scaleups is limited – are significantly impacted by the presence of companies that raised large amounts of capital (e.g., Odigeo - eDreams in Spain, Delivery Hero and Zalando in Germany, Criteo in France). ♦

### THE MISSING BRICK IN EUROPE: THE IPO FUNDING CHANNEL

**The scale-up process of startups in Europe depends to a large extent on venture capital.**

**The stock markets play a relevant role (30%+ of capital raised) only in the UK and Spain,** while in Germany, France and Italy they provide a minor contribution to startup financing (10% on average). **The London Stock Exchange plays a key role in pushing the growth of UK scaleups:** UK scaleups raised \$4 billion of capital via IPO, more than double of what the other four countries were able to collect.

Funding via the stock market represents the real discriminator in scaleup financing.

If we limit the analysis to venture capital funding, the gap between Germany and UK is minimal: \$7.1 million raised in UK versus \$6 million in Germany.

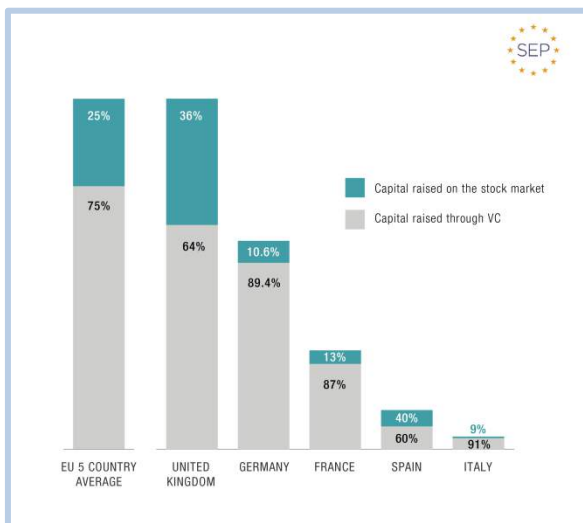
Stock market contribution to scaleups financing in Germany is minimal. **Germany has the second lowest ratio of IPOs (only 10.6% of overall capital raised).**

Focus on...

#### The Influence of Scalers

If we look at the average capital raised per scaleup, UK scaleups got \$27.8 million, \$31.7 million in Germany, \$15.1 million in France, \$17 million in Spain and only \$5.6 million in Italy. Note that average amounts – specifically for countries where the number of scaleups is limited – are significantly impacted by the presence of companies that raised large amounts of capital (e.g., Odigeo-eDreams in Spain, Delivery Hero and Zalando in Germany, and Criteo in France).

Figure 3: Capital Raised: Stock Market vs VC



Source: SEP Monitor – May 2015

Surprisingly, **Spain relies on a quite active IPO channel** (40% of overall funding). Spanish scaleups raised via IPO more financings than their French neighbors (\$520 million vs. \$430 million), despite the significantly lower number of companies. The lowest stock market financing was recorded in Italy, with only \$40 million raised.

**Startup financing access to the stock market seems to be a major gap in continental Europe.** Improving the access may provide an important boost for European scaleups. Initiatives such as Elite promoted by LSE and Borsa Italiana can help to bridge this gap. ♦

Focus on...

### Stock Markets: Bridging the Gap

Startup financing access to the stock market seems to be a major gap in continental Europe. Improving the access may provide an important boost for European scaleups. Initiatives such as Elite promoted by LSE and Borsa Italiana can help to bridge this gap.

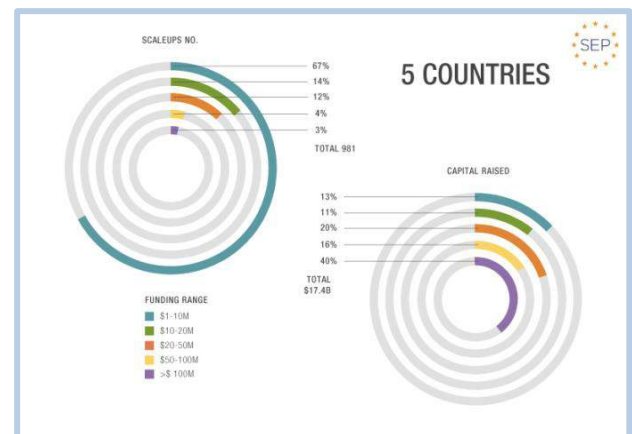
### VC MONEY: THE POWER LAW RULES IN EUROPE TOO

The vast majority of funding via venture capital is in the range of \$1-to-\$10 million capital injections.

“7% of the scaleups raised 56% of the capital, of which 40% by 32 companies, part of the so called “scalers”

**Out of 981 venture backed scaleups, 67% received funding less than \$10 million.** Unsurprisingly, the power law applies to Europe as well.

Figure 4: Capital Raised through VC



Source: SEP Monitor – May 2015

The higher the funding value, the less the number of scaleups: only 14% of VC funding was concentrated in the \$10M-20M range and 12% in \$20M-50M. 7% of the scaleups raised 56% of the capital, of which 40% by the 32 scalers. ♦

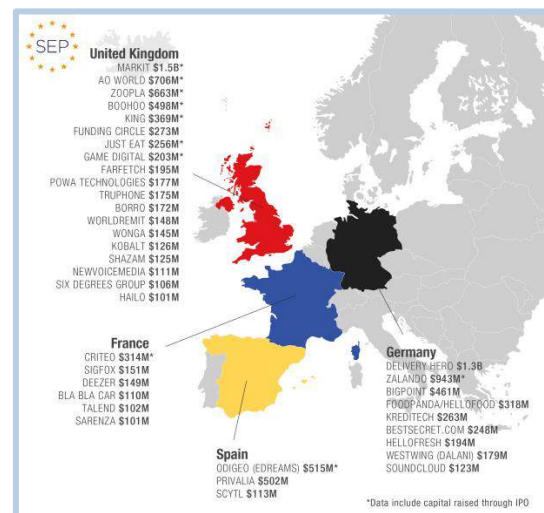
“  
The United Kingdom confirms its leading role on the European scene. Half (19) of the European scalers live in the UK  
”

No scalers yet identified in Italy. The 3 top scalers (companies close to the \$1 billion bar, in terms of capital raised) are Markit (\$1.5 billion, \$1.3 of which via IPO at NASDAQ) and two German companies: Delivery Hero (\$1.3 billion raised) and Zalando (\$0.9 billion, \$700M of which was raised via IPO in Frankfurt). The top scalers in Spain are Odigeo (eDreams) and Privalia: both raised over \$0.5B.

LOOKING FOR THE UNICORNS:  
WHO ARE THEY AND WHERE DO THE SCALERS LIVE IN THE OLD CONTINENT?

Is “Obsessive Unicorn Disorder” hitting the European startup ecosystem? In this report – consistent with our methodology –, instead of focusing on the “Unicorns” (i.e., private companies with more than one billion dollar valuation), we analyzed the “Scalers”, i.e., startups able to raise over \$100 million (including the IPO channel). Quantity over valuation. If we look at the “scalers”. Half (19) of the European scalers live in the UK. Germany follows with 9 scalers, France with 6 and Spain with 3 scalers.

Figure 5: Scalers in Europe (Capital Raised)



Source: SEP Monitor – May 2015

Focus on...

Top Scalers

The 3 top scalers (companies close to the \$1 billion bar, in terms of capital raised) are Markit (\$1.5 billion, \$1.3 of which via IPO at NASDAQ) and two German companies: Delivery Hero (\$1.3 billion raised) and Zalando (\$0.9 billion, \$700M of which was raised via IPO in Frankfurt). The top scalers in Spain are Odigeo (eDreams) and Privalia: both raised over \$0.5B. The most funded company (\$314 million raised) in France is Criteo. No scalers have been reported in Italy.

Figure 6: Scalers



Source: SEP Monitor – May 2015



The most funded company (\$314 million raised) in France is **Criteo**.

No scalers have been reported in Italy. Looking at the year of the establishment, we don't have numerous "Fast Growth" businesses.

None of the scalers was established in the last 3 years.

4 scalers are from 2012, 2 from 2011 and 2 from 2010. Odigeo (eDreams) is the oldest one (it was started in 1999). ♦

Figure 7: The European Scalers



COMPANY	COUNTRY	YEAR OF ESTABLISHMENT	TOTAL FUNDING	CATEGORY
Markit	UK	2003	\$1,550.0*	Finance
Delivery Hero	DE	2010	\$1,300.0	Hospitality
Zalando	DE	2009	\$943.4*	E-commerce
AO World	UK	2000	\$706.0*	E-commerce
Zoopla	UK	2007	\$663.4*	E-commerce
Odigeo (eDreams)	ES	1999	\$515.0	Hospitality
Privalia	ES	2006	\$501.6	Fashion
boohoo	UK	2006	\$498.0*	Fashion
BigPoint	DE	2002	\$460.5	Gaming
King	UK-SWE	2003	\$369.0*	Gaming
Foodpanda / Hellofresh	DE	2012	\$318.0	Hospitality
Criteo	FR	2005	\$314.4*	Advertising / Promotion
Funding Circle	UK	2009	\$273.2	Finance
Kreditech	DE	2012	\$263.0	Business Analytics
Just Eat	UK	2001	\$256.1*	Hospitality
Bestsecret.com	DE	2007	\$248.0	E-Commerce
Game Digital	UK	2012	\$203.0*	Gaming
Farfetch	UK	2007	\$194.5	Fashion
HelloFresh	DE	2012	\$193.5	E-Commerce
WestWing (dalani)	DE	2011	\$178.8	E-Commerce
Powa Technologies	UK	2007	\$176.7	Software Solutions
Truphone	UK	2006	\$175.0	Software Solutions
Borro	UK	2008	\$171.6	Finance
Sigfox	FR	2009	\$151.3	Network / Hosting
Deezer	FR	2006	\$149.3	Digital Media
WorldRemit	UK	2009	\$147.7	E-Commerce
Wonga	UK	2007	\$145.0	Finance
Kobalt	UK-US	2001	\$126.0	Enterprise Services
Shazam	UK	2002	\$125.0	Mobile
SoundCloud	DE	2007	\$123.3	Digital Media
ScytI	ES	2001	\$113.2	Software Solutions
NewVoiceMedia	UK	2000	\$111.3	Enterprise Services
Bla Bla Car	FR	2004	\$110.0	Social
Six Degrees Group	UK	2011	\$106.4	Enterprise Services
Talend	FR-US	2005	\$101.6	Software Solutions
Sarenza	FR	2005	\$100.6	E-Commerce
Hailo	UK	2010	\$100.6	Mobile

\*Data include capital raised through IPO

Source: SEP Monitor – May 2015

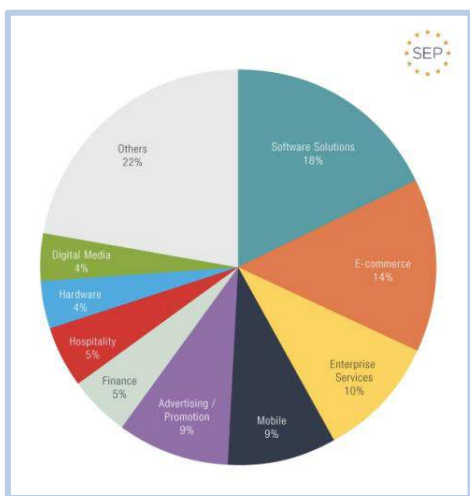
### IS E-COMMERCE THE EUROPEAN “HOUSE SPECIALTY”?

**Software Solutions (18%) and E-commerce (14%) are driving the scale-up of the European ecosystem.** They are followed by **Enterprise Services, Mobile and Advertising** (about 10% each). These five categories represent 60% of all scaleups in the five countries analyzed in this Monitor.

“  
European scaleup champions come from almost all the sectors, with a prevalence from E-commerce  
”

Finance, Hospitality, Hardware and Digital Media categories are also relevant: cumulatively, they represent 18% of scaleups. The remaining 22% of scaleups fall under other residual categories, including Fashion, Gaming, Social and Business Analytics.

Figure 8: Scaleups per Category



Source: SEP Monitor – May 2015

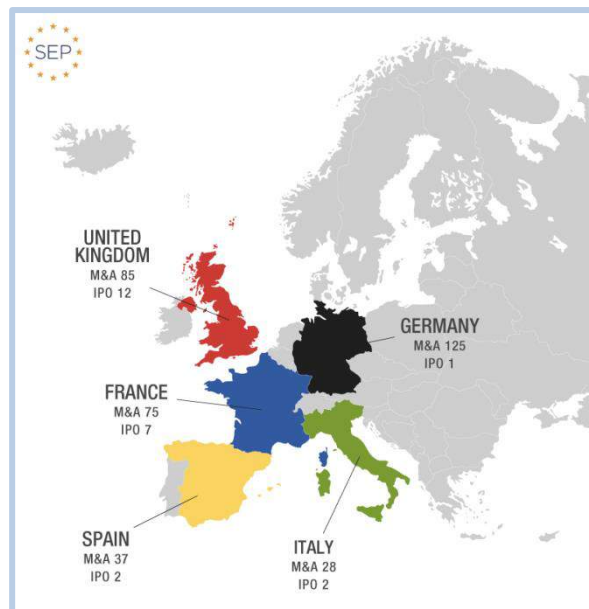
Restricting the analysis to the scalers, the most recurrent category is E-commerce with 8 companies (out of 37). It has to be mentioned that **the diversity of scalers in terms of sector is very high:** if we look at the top 10 scalers, 3 are in the E-commerce category, 2 in Gaming, 2 in Fashion and 2 in Hospitality, and 1 in Finance sector.

What’s the moral of the story? Although European scaleups cover most of the categories of the ICT, European scaleup champions come from almost all the sectors, with a prevalence from E-commerce. ♦

### ALMOST 400 EXITS IN FIVE YEARS

**N**o exit, no party. We identified 374 exits in the ICT Europe sector for the period 2010-2015. Over 90% of the exits (350) are M&As, while only 24 cases were IPOs.

Figure 9: M&As and IPOs



Source: SEP Monitor – May 2015

Looking at scaleups going public, the UK ones are the most active: **50% of the European ICT IPOs are from the British Isles**. France follows with 7 IPOs, while Germany, Spain and Italy play a more marginal role (1 or 2 IPOs per country).

**In terms of M&A, Germany is the most dynamic country, with 125 exits**, followed by the UK (85), France (75), Spain (37) and Italy (28). In Germany, there has been 1 M&A for each 1.7 scaleups, in Italy 1 per 2.6, in France 1 per 2.7, in Spain 1 per 2.9, and in the UK 1 per 4.7 scaleups. ♦

**In terms of M&A, Germany is the most dynamic country, with 125 exits**

The interest of acquirers seems to have been especially attracted by scaleups offering Software Solutions.

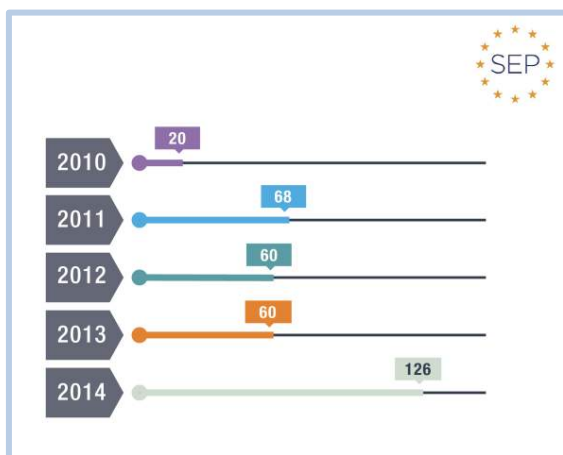
More than one quarter of all acquisitions (28%) fall in this category. Advertising (11%), E-commerce (10%) and Mobile (9%) are the close followers.

Overall, data show a considerable diversity in the categories of acquisitions. ♦

### A GROWING M&A PATTERN

Since 2010, the number of M&As in Europe has grown substantially. **While there were only 20 M&As in 2010, this number grew six-fold in 2014 to 126 cases.**

Figure 10: M&As per Year



Source: SEP Monitor – May 2015

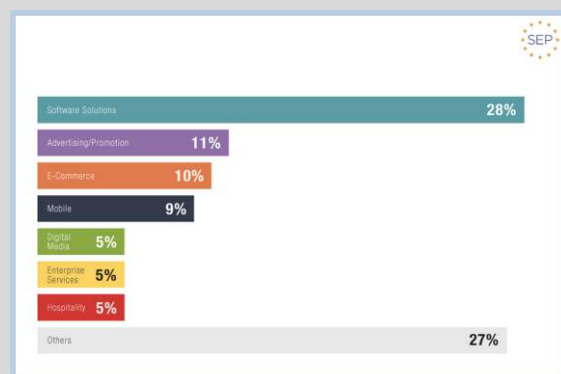
For the three-year period 2011-2013 we recorded about 60 transactions per year (68, 60 and 60 cases respectively in 2011, 2012 and 2013).

Focus on...

### Acquisition Targets

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Figure 11: Category of Scaleups Acquired



Source: SEP Monitor – May 2015

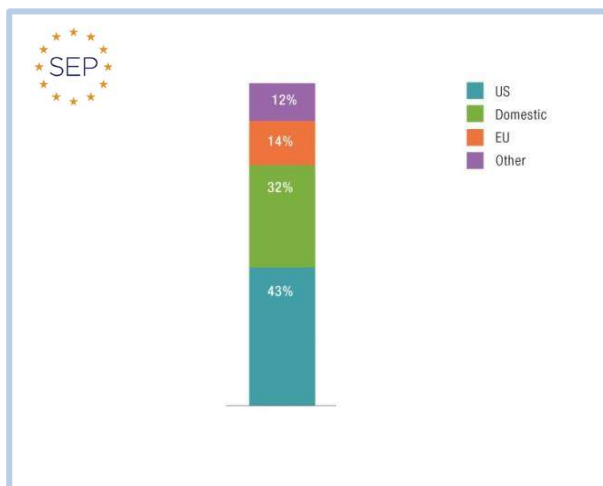
### TOWARDS EUROPE, INC.?

Data show that only one third of the scaleups was acquired by domestic companies, while 14% of the scaleups were acquired by a company from another EU member state.

“  
55% of scaleups exited from Europe  
”

It means that **approximately 45% remains in Europe after the acquisition**, while 55% exited from Europe.

Figure 12: Nationality of Acquirers



Source: SEP Monitor – May 2015

More than half of all scaleup acquisitions floated outside of the EU. **By far, the typical destination for European scaleups is the United States (43% of all transactions)**. An additional 12% of companies exited in countries other than the United States (the majority of them in Japan, Canada, China). ♦

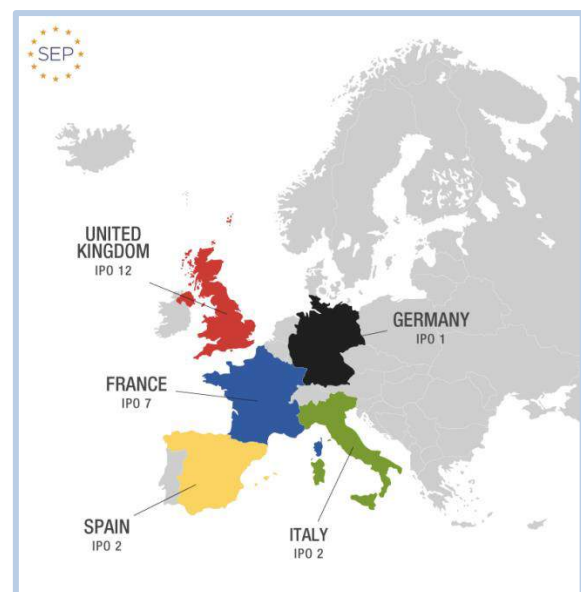
### EUROPEAN CAPITAL MARKETS UNION IS NEEDED

As mentioned, we recorded 24 IPOs in the 5 countries analyzed, half of them involving UK scaleups, 7 in France, 2 in Italy and Spain, and only 1 in Germany\* (although very relevant in terms of size). The number is too low to reach any final conclusion. But, **when it comes to scaleups, the stock market channel remains underdeveloped in Europe.**

“  
When it comes to scaleups, the stock market channel remains underdeveloped in Europe  
”

Enabling startups to access more easily the stock markets could trigger the scale-up process of the European ecosystem. The European Capital Markets Union project could be key in this regard.

Figure 13: Number of IPOs per Country



Source: SEP Monitor – May 2015

\*Note: Recent Windeln.de IPO is not included.

**The largest recorded IPO is the one of Markit: the financial information and services UK company raised \$1.3B in the US on NASDAQ in 2014.**

**Four more scaleups raised over \$500 million: AO World** (E-commerce, 2014) raised \$706 million on the London Stock Exchange, **Zalando** (E-commerce, 2014) \$700 million in Frankfurt, **Zoopla** (E-commerce, 2014) \$650 million on LSE and **Odigeo** (Advertising, 2014) \$515 million.

All IPOs for Italian, Spanish and German scaleups happened in the local stock markets.

**Only four IPOs happened in the United States** (Markit and Criteo chose the NASDAQ, while King and Sequans the New York Stock Exchange), but the majority of IPOs were domestic.

Data do not fully support the thesis that European companies need to move to the US to raise a large IPO, though the above mentioned cases suggest that this option cannot be ruled out. ♦

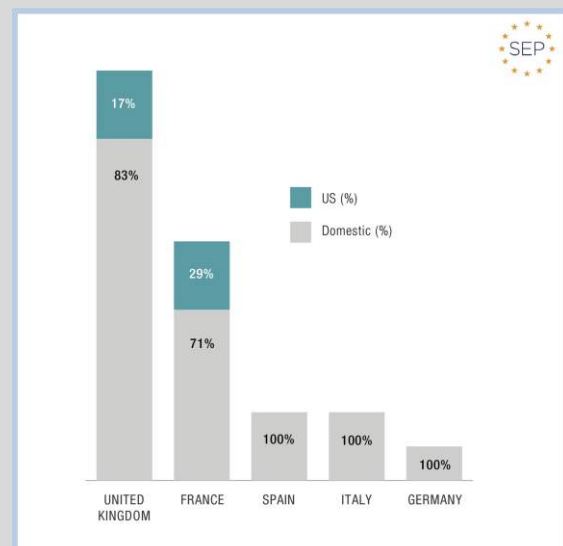
Focus on...



### Going Public in the US?

All IPOs for Italian, Spanish and German scaleups happened in the local stock markets. Only four IPOs happened in the United States (Markit and Criteo chose the NASDAQ, while King and Sequans the New York Stock Exchange), but the majority of IPOs were domestic. Data do not fully support the thesis that European companies need to move to the US to raise a large IPO, though the above mentioned cases suggest that this option cannot be ruled out.

Figure 14: Stock Market Geography



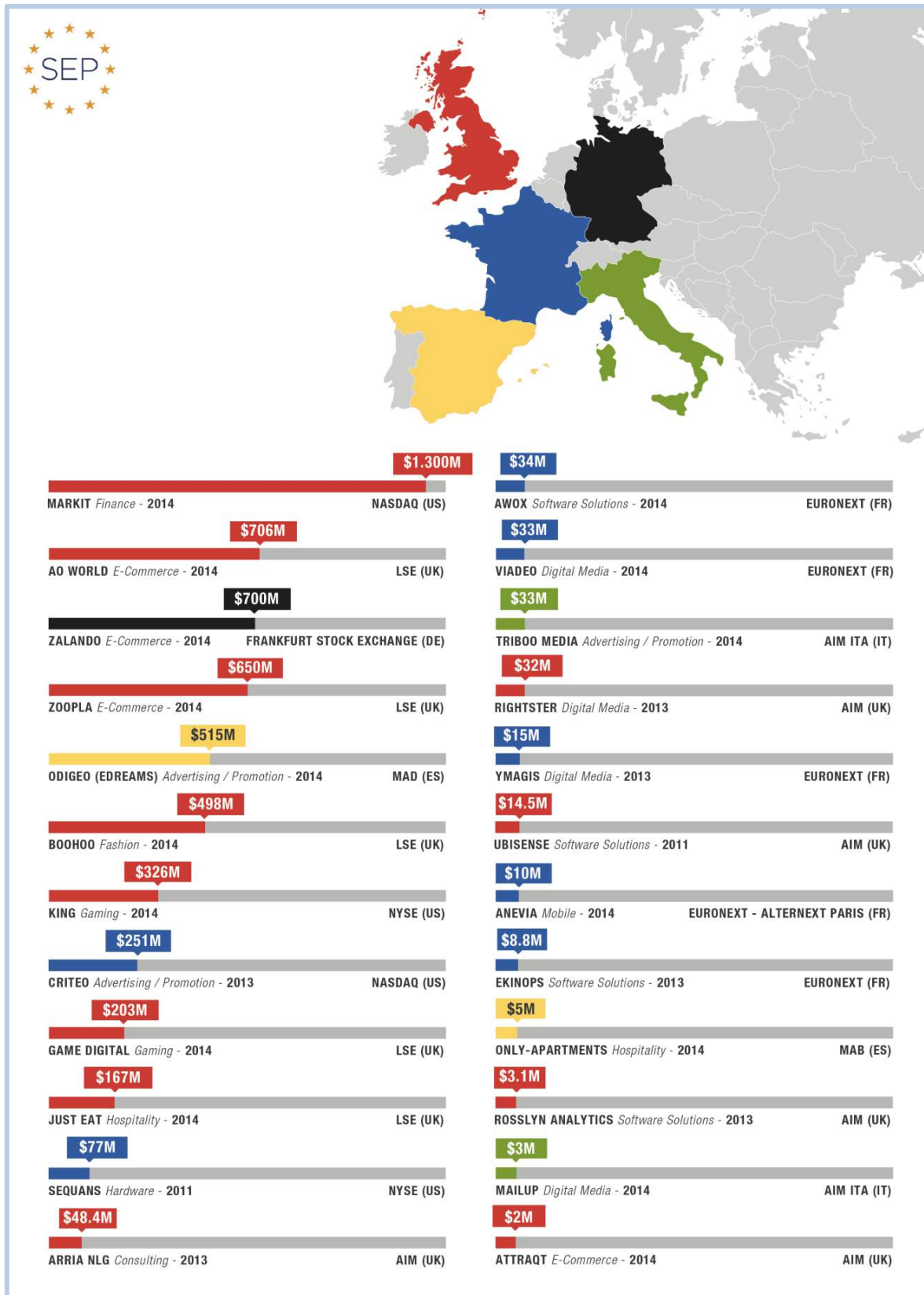
Source: SEP Monitor – May 2015



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Figure 15: IPOs for Top European Scaupers



Source: SEP Monitor – May 2015

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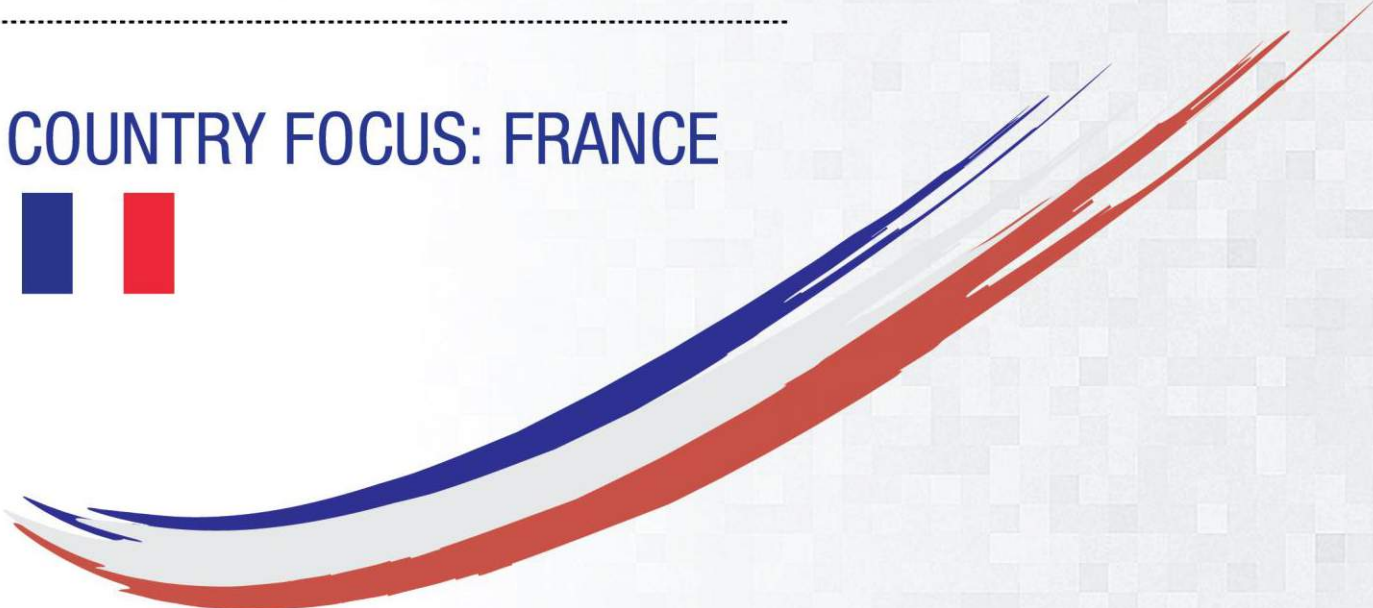
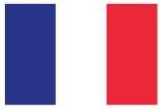
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## COUNTRY FOCUS: FRANCE

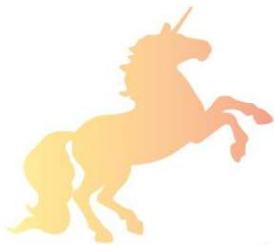
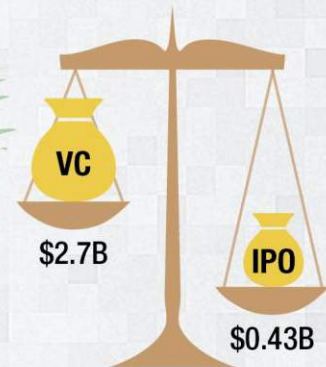


**205**

scaleups  
mapped

**\$3.1**

billion  
raised



**6** "scalers"

mapped



**7** IPOs



**75** M&As

### SCALEUPS IN FRANCE: NUMBER AND CAPITAL RAISED

The vast majority (140, or 68%) of the identified companies raised between \$1M-10M. Combined they account only for 18% of the total capital raised.

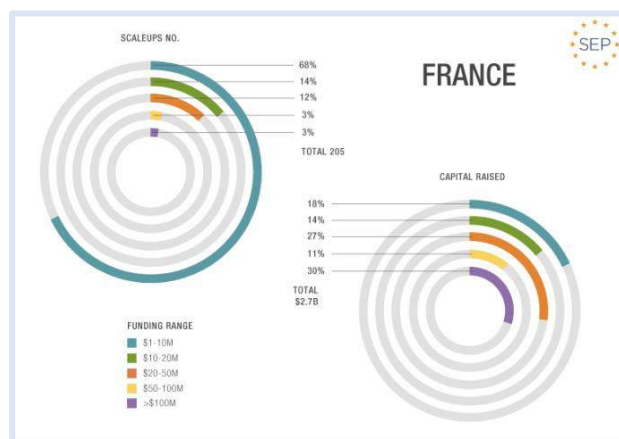
France appears to be the most active country in the mid-scaleup segment. **54 companies raised \$10M-\$50M, accounting for 41% of the overall VC funding** made available to scaleups in France.

6% (11) of the identified companies raised over \$50M each, equally distributed in the \$50-100M and >\$100M segments. Combined they account for 41% of the total capital raised by the French scaleups. ♦

### FRENCH SCALERS

SEP identified six scalers in France: **Criteo, Sigfox, Deezer, Bla Bla Car, Talend and Sarenza.** ♦

Figure 16: Number of Scaleups and Capital Raised through VC in France



Source: SEP Monitor – May 2015

Figure 17: Scalers in France



Source: SEP Monitor – May 2015

“ France appears to be the most active country in the mid-scaleup segment. 54 companies raised \$10M-\$50M, accounting for 41% of the overall funding ”





Founded in 2005, **Criteo** went public in October 2013 and raised over \$251 million via IPO. The company works with Internet retailers to serve personalized online display advertisements to consumers that have previously visited the advertiser's website.



Another notable French scaler is **Sigfox** that raised over \$151 million, including a recent February 2015 investment of \$115 million. Founded in 2009, the company specializes in machine-to-machine cellular connectivity (Internet of Things).



The third-biggest French scaler worth mentioning is the music-streaming service **Deezer** that closed a \$130 million funding round (Series D) led by Access Industries in Q4/2012. The company claims to have 30 million users in 180 countries, of which five million are paying ones



In July 2014, **BlaBlaCar** closed a \$100M round led by Index Ventures (existing investors Accel Partners, ISAI, and Lead Edge Capital also participated in the round). Founded in 2006, BlaBlaCar is a car-sharing website that allows drivers with empty seats to offset travel costs.



**Talend** is an open-source software vendor that provides enterprise-ready solutions and big data software and services. Talend is a typical dual-model company, a "French-American scaleup." Founded in 2005 by French nationals, Talend is now headquartered in Redwood City, California "avec un pied en France" in Suresnes. The company has 450 employees and offices in North America, Europe and Asia. Talend raised \$102M in six rounds (the last one of \$40M in December 2013).

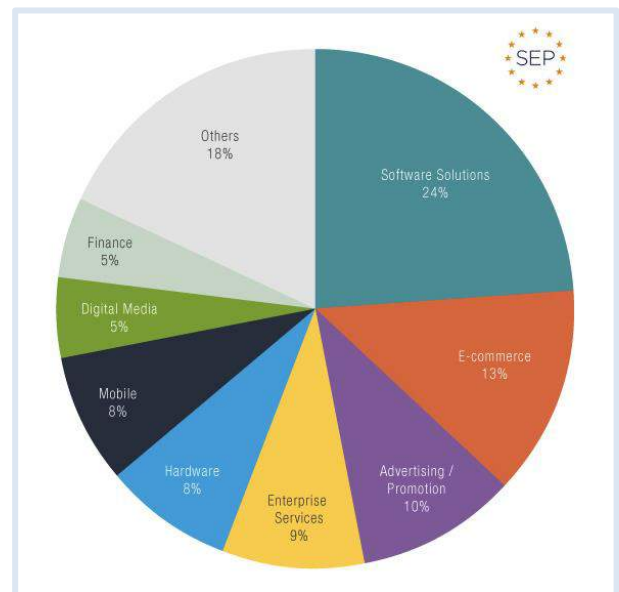


**Sarenza**, founded in 2005, offers online the best range of shoes with over 640 brands serving 26 European countries (more than three million clients). The company still makes one third of its turnover in France. In June 2014 they raised \$101M from Bpifrance.

## FRENCH SCALEUPS PER CATEGORY

**Software Solutions and E-commerce drive the scale-up of the French startup ecosystem**, respectively accounting for 24% and 13% of all mapped scaleups.

Figure 18: French Scaleups per category



Source: SEP Monitor – May 2015

The scaleups that operate in Advertising/Promotion and Enterprise Services represent 10% and 9% respectively of the total French scaleup ecosystem. ♦

## FRENCH EXITS

**SEP mapping identified 75 mergers and acquisitions** in France since 2010, showing a **steady growth trend** in the past five years.

The most notable acquisitions with disclosed value were **PriceMinister** (Rakuten/\$250M/2010),

**ExaLead** (Dassault Systemes /\$160M/2010), **Aldebaran** (SoftBank/\$100M/2012), **Neolane** (Adobe/\$600M/2013), **CrossKnowledge** (John Wiley & Sons/\$175M/2014), **LaFourchette** (TripAdvisor/\$140M/2014) and **A Little Market** (Etsy/\$100M/2014).

## FRENCH M&As PER CATEGORY

**37% of all deals involved Software Solutions startups.** E-commerce and Advertising/Promotion scaleups attracted respectively 12% and 9% of all transactions. ♦

Figure 19: French M&As per Year



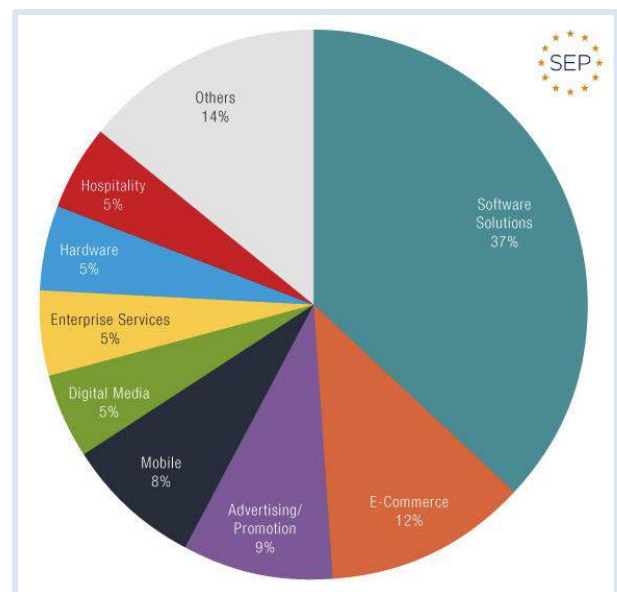
Source: SEP Monitor – May 2015

Among these:

**LaFourchette**, operating in France, Switzerland, and Spain, provides online reservation software, consumer-facing apps, and APIs for third-party developers to help restaurants increase their business. It was acquired by TripAdvisor for \$140M in May this year.

The French startup **Neolane** was acquired by Adobe in 2013, a conversational marketing company with an annual revenue of about \$60M for \$600M in cash. ♦

Figure 20: French M&As per Category

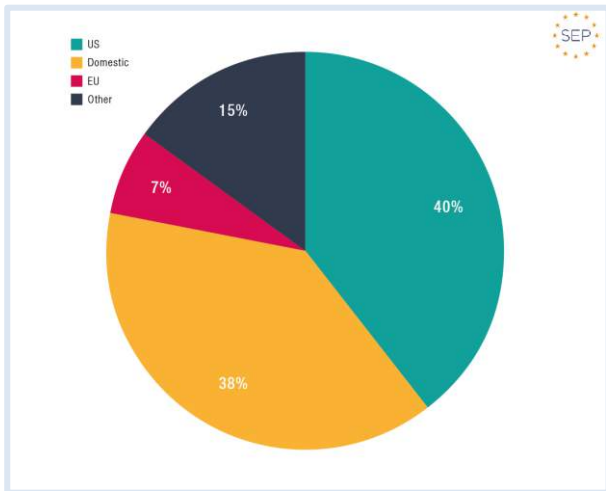


Source: SEP Monitor – May 2015

## FRENCH M&As PER GEOGRAPHY OF ACQUIRERS

**38% of the acquisitions remained in France**, by far the highest percentage reported in Europe. Looking at the “foreign” exits, the US played the most active role: **40% of the French acquisitions were completed by US companies**, while only 7% by other European players and 15% by other extra-European firms. ♦

Figure 21: Nationality of Acquirers



Source: SEP Monitor – May 2015

“Looking at the “foreign” exits, the US played the most active role: 40% of the French acquisitions were completed by US companies”

### FRENCH IPOs

**Domestic ICT IPOs are rather scarce: we identified only 7 ICT IPOs.** The 2006 property website **Seloger** IPO (\$240M) was not followed by any other significant IPO until 2014, which saw the IPO of the home network solution company **AwoX** (April 2014) and professional social network **Viadeo** (aka the “French LinkedIn”) in July. ♦

# SEP MONITOR

FROM UNICORNS TO REALITY

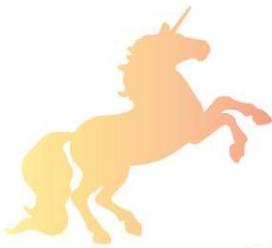
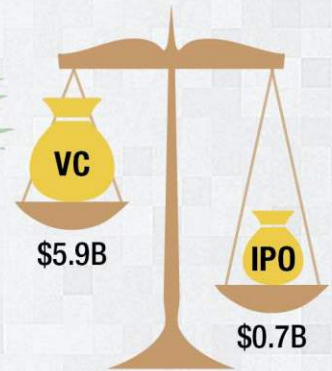
Startup  
Europe  
Partnership

## COUNTRY FOCUS: GERMANY



**208**  
scaleups  
mapped

**\$6.6**  
billion  
raised



**9** "scalars"  
mapped



**1** IPOs



**125** M&As

### SCALEUPS IN GERMANY: NUMBER AND CAPITAL RAISED

**W**e identified **208 scaleup companies in Germany**, *i.e.*, startups able to raise more than \$1M dollars in funding in the last five-year period. Cumulatively, **German scaleups raised nearly \$6 billion through venture capital.**

**The vast majority (123, or 59%) raised between \$1M-10M**, but combined they account for only 8% of the overall capital raised by German scaleups. 33 scaleups (16%) raised capital in the range of \$10M-\$20M.

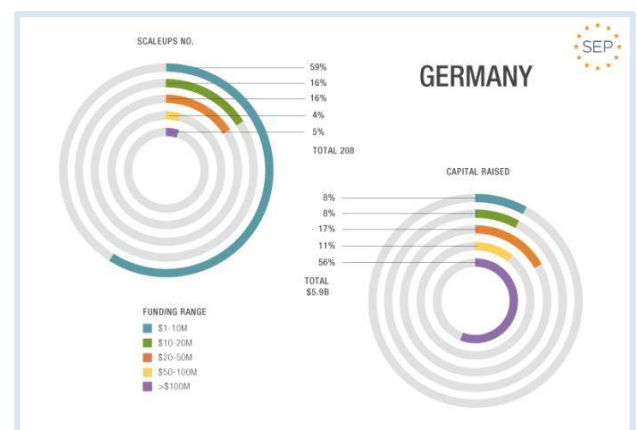
**Over two thirds (67%) of total capital made available to German scaleups was raised by only 18 companies (9%)**, the group that raised over \$50M each. Nine of them (the so called “scalers”, over \$100M in capital collected, details below) accounted for over half (56%) of the venture capital investments in Germany. ♦

### THE GERMAN SCALERS

**In Germany we identified 9 scalers**, *i.e.*, companies able to successfully secure over \$100M of capital. **Zalando** was the only public company among the scalers.

It went public in 2014 raising \$700M that brought its overall funding close to the \$1B bar (\$943M). The other top German scalers are **Delivery Hero**, **Bigpoint**, **Foodpanda**, and **Kreditech**. They all got funding over \$250 million. ♦

**Figure 22: Number of Scaleups and Capital Raised through VC in Germany**



Source: SEP Monitor – May 2015

**Figure 23: Scalers in Germany**



Source: SEP Monitor – May 2015

“Cumulatively, German scaleups raised nearly \$6 billion through venture capital”



**Delivery Hero** is the top German company in raising venture capital. This largest global provider of online and mobile food ordering raised \$1.3 billion in funding. This makes it the second largest scaler in Europe. With over 75,000 restaurants connected to its service, the company operates in 24 countries across five continents. Delivery Hero has more than 1,500 employees around the world with 440 staff working from its Berlin headquarters.



**Zalando** is a multinational e-commerce company that specializes in selling shoes, clothing and other fashion and lifestyle products online. The company was founded in Berlin in 2008, and since then has expanded to offer its retail services in a total of 14 European countries. In October last year, Zalando priced its IPO near the top end of its range, valuing it at \$6.8B and joining the one-billion dollar Unicorn club.



The third biggest German scaler (with \$461 million in capital raised) is **Bigpoint** GmbH, a videogame developer. The company develops stand-alone browser-based games, as well as social network games. Bigpoint also runs a gaming portal website with a number of browser-based (massively multiplayer) online role-playing games.



Since its creation in 2012, the online meal delivery firm **Foodpanda/Hellofood** penetrated dozens of emerging markets. After the last funding rounds led by Goldman Sachs Investment Partners and Rocket Internet (March/April 2015) the company raised overall \$318M.



Hamburg based **Kreditech** raised \$263M in eight rounds. Founded in 2012, Kreditech applies big data to score the creditworthiness of customers to provide better, faster, more sustainable online financing services.



**BestSecret** is a shopping community providing its members with designer merchandise discounts. Founded in Aschheim in 2007, the company raised \$248M.



Founded in 2012, **HelloFresh**, a meal planning and shopping platform, sends recipes and the required ingredients for subscribers to prepare them. The company raised \$194M in four rounds. The most recent round of \$126M occurred in February 2015.



Munich-based **Westwing** raised \$179M in four rounds. Westwing is an online platform and company that provides products and services related to interior designing. The company was initially founded in 2011. By now, more than 500 people work in the headquarters and for the DACH business in Munich and the logistics center in Berlin.

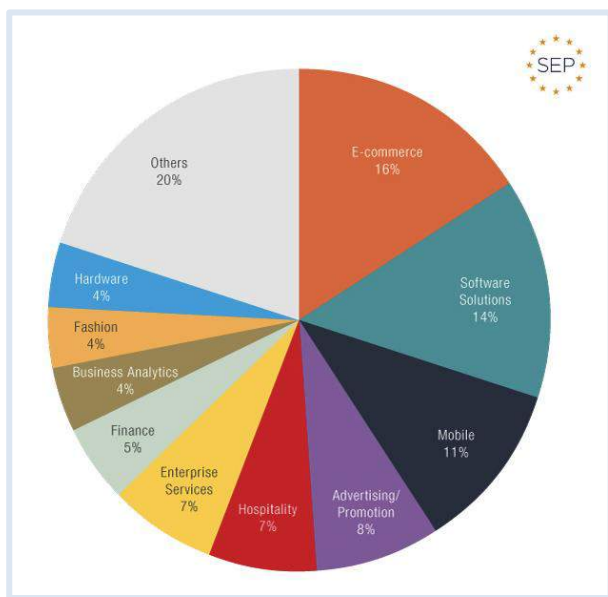


Berlin-based **SoundCloud** is a world's leading audio platform, where anyone can share and discover unique music & audio, on the web and on mobile. The company, founded in 2007, secured \$123M.

### GERMAN SCALEUPS PER CATEGORY

German scaleups are evenly distributed among all categories. **E-commerce stands with a 16% share**, followed by **Software Solutions** with 14% and **Mobile** with 11%. All the remaining categories have a share below 10%.

Figure 24: German Scaleups per Category



Source: SEP Monitor – May 2015

### GERMAN EXITS

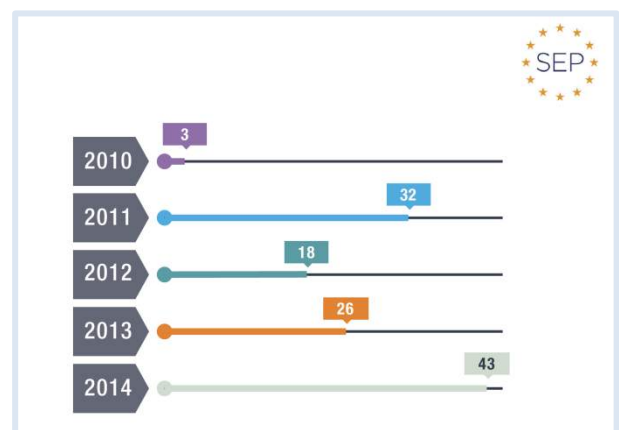
After a slow start in 2010, **M&A activity in Germany had a peak in 2011 with 32 transactions**. Then they drop in 2012 down to 18 cases. However, since 2012, the activity has been rising, with 26 acquisitions in 2013 and 43 in 2014.

One relevant recent acquisition is **Quandoo** (\$219M/March 2015). Berlin-based Quandoo, founded in 2012, took a strategic investment from Recruit — via its RGIP venture capital fund — in October, and now the Japanese company has

returned to snap up the remaining 93% of the company to get full ownership.

Other significant acquisitions (with disclosed valuation) of German ICT companies were **Trivago** (acquired by Expedia for \$632M in 2013), **Zong** (eBay/\$240M/2011), **Fyber** (RNTS Media/\$190M/2014), **Mytheresa** (Neiman Marcus/\$180M/2014), **Sofort** (Klarna/\$150M/2013) and **Voxeo** (Aspect Software/ \$150M/2013). ♦

Figure 25: German M&As per year

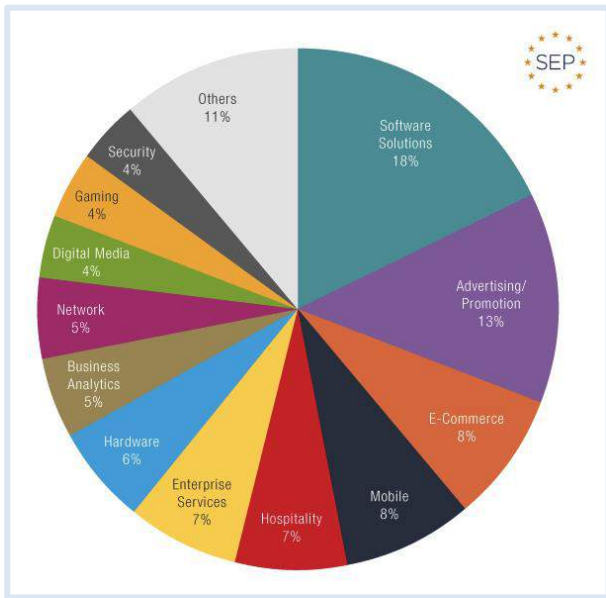


Source: SEP Monitor – May 2015

### GERMAN M&As PER CATEGORY

**Almost one fifth of M&As happened in the Software Solutions sector**, followed by Advertising (13%) and E-commerce (8%). ♦

Figure 26: German M&As per Category

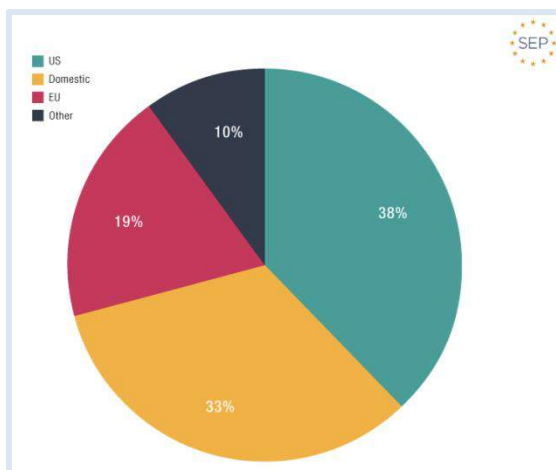


Source: SEP Monitor – May 2015

### GERMAN M&As PER GEOGRAPHY OF ACQUIRERS

About 33% of German scaleup acquisitions were accomplished by German companies and remained in the “Heimatland” (this is, after France, the second highest figure we reported in our five-country European comparison).

Figure 27: Nationality of Acquirers



Source: SEP Monitor – May 2015

Another 19% were acquired by other EU companies. That means that **52% of the acquired German startups stayed in Europe**. The remaining 48% floated outside Europe, 38% to the US. ♦

### GERMAN IPOs

**Zalando raised \$700 million in 2014 at the Frankfurt Stock Exchange.**

Recently the **German e-commerce company Windeln.de went public on the Frankfurt Stock Exchange**. The company raised \$234M through the IPO at a \$474M valuation. These data are not included in the present SEP Monitor.

While the Zalando IPO has been the third most successful IPO in Europe, compared to the UK, Germany remains a laggard in terms of stock exchange support to startup funding. ♦



# SEP MONITOR

FROM UNICORNS TO REALITY

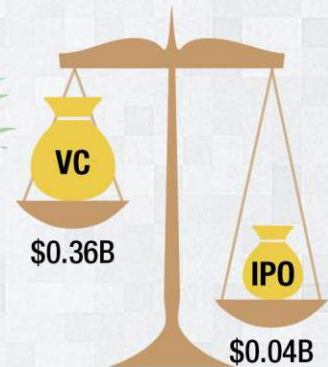
Startup  
Europe  
Partnership

## COUNTRY FOCUS: ITALY



**72**  
scaleups  
mapped

**\$0.4**  
billion  
raised



**0** “scalars”  
mapped



**2** IPOs



**28** M&As

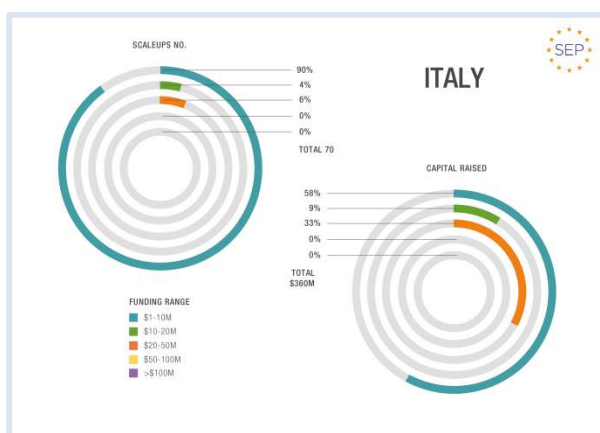
### SCALEUPS IN ITALY: NUMBER AND CAPITAL RAISED

The SEP Monitor identified **70 Italian ICT scaleups** that received notable funding through VC in the last five years.

The vast majority (90%) of the Italian companies that were actively raising funds in recent years fall into the \$1M-\$10M range of amount raised. No scalars (>\$100M in capital raised) are reported in Italy and the mid-scaleup segment (\$10M-\$50M) is not so densely populated: only 10% of the Italian scaleups were able to raise more than \$10M, but accounting for 42% of the overall capital raised. Except for the **absence of scalars**, Italian scaleup landscape looks structurally similar to Spain with a large prevalence of small scaleups.

The most notable Italian scaleups include **Decisyon**, **iMedia Comunicazione**, **Funambol**, and **Gild**. ♦

Figure 28: Number of Scaleups and Capital Raised through VC in Italy



Source: SEP Monitor – May 2015



**Decisyon** raised in total \$44.1M. Founded in 2005, the U.S.-based company provides business intelligence and performance management software solutions.



Established in 2010, Milan-based **iMedia Comunicazione** is a wireless media placement agency operating three different lines of business in China: a mobile ad network called “LMMOB”; an enterprise mobile marketing service, “Qi ye bao”; and a self-service ad product, “Bei ke.” The company received in total \$20M from Kleiner Perkins Caufield & Byers and IDG Capital Partners.



Backed by \$25M+ investment from H.I.G Capital, Nextit Ventures, Castile Ventures and Walden International, Italy-born & U.S.-grown **Funambol** is a leading provider of white-label personal cloud solutions for mobile operators, headquartered in Silicon Valley with a large R&D center in Pavia.



Three-year-old, **Gild** is based in San Francisco with its R&D center in Milan. Gild develops tech-hiring software that helps companies recruit skilled developers by examining their actual work rather than their resumes. This summer it raised \$13.5M in Series B funding led by Menlo Ventures, with the participation of other investors including Globespan Capital Partners, SAP Ventures and Correlation Ventures. This brings its overall VC-backed capital to \$26M.

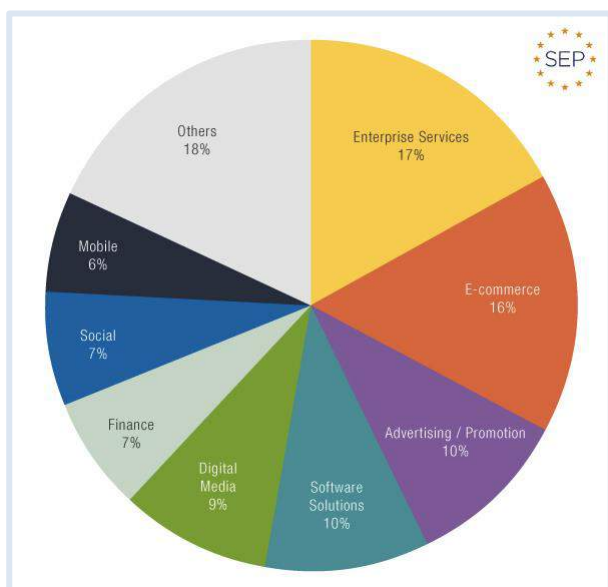
“The vast majority (90%) of the Italian companies that were actively raising funds in recent years fall into the \$1M-\$10M range of amount raised”

Note a large portion of the Italian fastest growing scaleups are Italy-born and U.S.-grown, following the so called “dual model”: the company relocates its headquarters abroad (typically in the US), where it gets main funding, while keeping operations in the country of origin. The phenomenon is quite diffused in Europe, with several cases in France (such as Novapost, Synthesio, Talend). ♦

### ITALIAN SCALEUPS PER CATEGORY

Enterprise Services and E-commerce are the two sectors with the biggest concentration of scaleups, 17% and 16% respectively. Other relevant categories are Advertising/Promotion, Software Solutions, Digital Media, Finance, Social and Mobile (6-10% range each). ♦

Figure 29: Italian Scaleups per Category

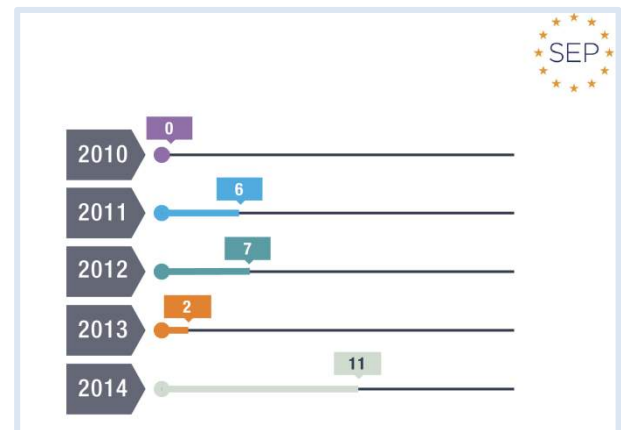


Source: SEP Monitor – May 2015

### ITALIAN EXITS

SEP identified 28 mergers and acquisitions in Italy in the last five years, with a fairly irregular growth pattern throughout the years, but a notable increase in 2014.

Figure 30: Italian M&As per Year



Source: SEP Monitor – May 2015

The largest recent acquisitions with disclosed deal size were **Octo Telematics** and **Facile.it**.

**Octo Telematics** was acquired for \$555M by Renova Group in February 2014. Founded in 2002 in Rome, Octo Telematics develops a wide range of specialist applications for insurance and transport companies, aimed at mitigating risks of fraud and optimizing fleet management.

Oakley Capital Investments acquired at the end of September 2014 a majority stake in **Facile.it**, Italy’s largest car insurance broker and price comparison website. Established in 2008, the company has demonstrated a strong growth trajectory with revenues of approximately \$40M in 2013.

MutuiOnLine just announced the acquisition of the 75% of **7Pixel** for \$58.3M. Founded in 2002 close to Pavia, 7Pixel is a leader in price comparison and shopping online in Italy (it owns the portals

TrovaPrezzi.it and ShopyDoo.it). The company, which generates around \$20M in revenue, combines technological, information and marketing knowledge, and offers a complete service in terms of consultancy, planning and implementation in the internet field and search engines. ♦

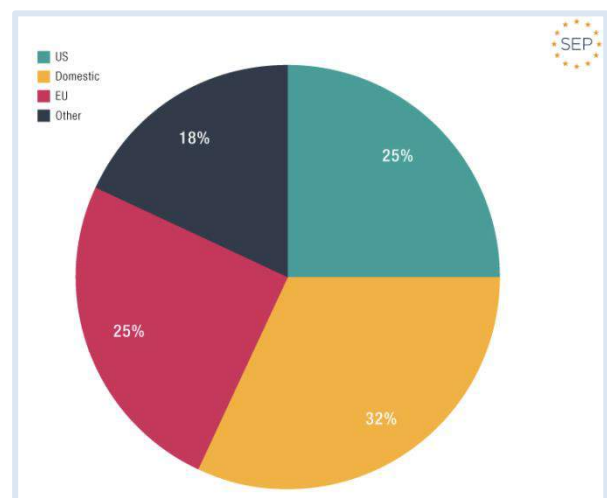
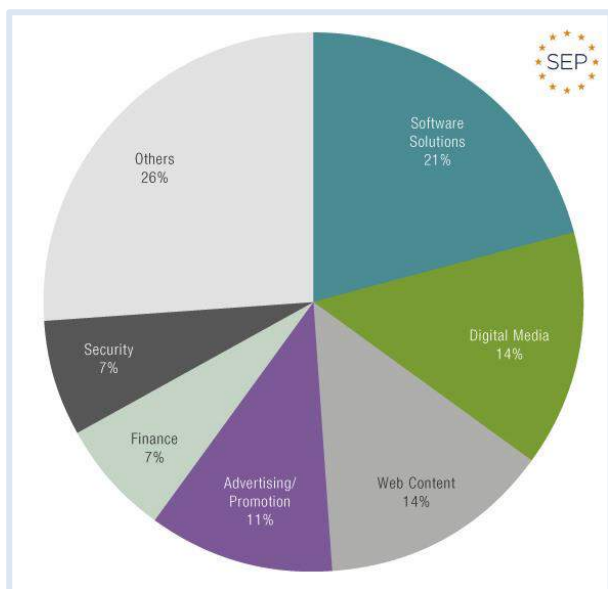
**the deals.** An additional 25% of startups were acquired by European players. **Only 25% of the acquisitions were completed by US companies,** by far the lowest ratio among the five countries we analyzed. This data suggests a certain skepticism of US companies in acquiring Italian startups. ♦

### ITALIAN M&As PER CATEGORY

**21% of all Italian acquisitions refer to the Software Solutions category.** Digital Media and Web Content categories accounted for 14% of all transactions each. ♦

Figure 32: Nationality of Acquirers

Figure 31: Italian M&As per Category



Source: SEP Monitor – May 2015

Source: SEP Monitor – May 2015

### ITALIAN IPOs

In 2014 Italy celebrated **two IPOs** in the ICT field.

**Triboo Media**, a specialist in online advertising strategy and digital publishing, debuted on AIM Italia on March 11, 2014. The company raised \$33.3M at a market value of approximately \$89M on the day of the IPO.

**MailUp** debuted its IPO in July 2014 raising \$4M. A market leader in the email marketing software industry in Italy, and in business for over 10 years with offices in Milan and Cremona and an international office in San Francisco (CA), MailUp's market capitalization is around \$27M. ♦

### ITALIAN M&As PER GEOGRAPHY OF ACQUIRERS

**The Italian M&A market is dominated by domestic acquirers that accounted for 32% all**

# SEP MONITOR

FROM UNICORNS TO REALITY

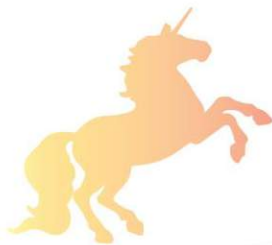
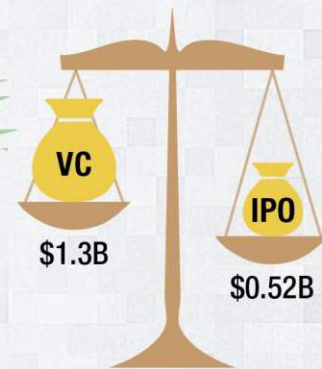
Startup  
Europe  
Partnership

## COUNTRY FOCUS: SPAIN



**106**  
scaleups  
mapped

**\$1.8**  
billion  
raised



**3** "scalers"  
mapped



**2** IPOs



**37** M&As

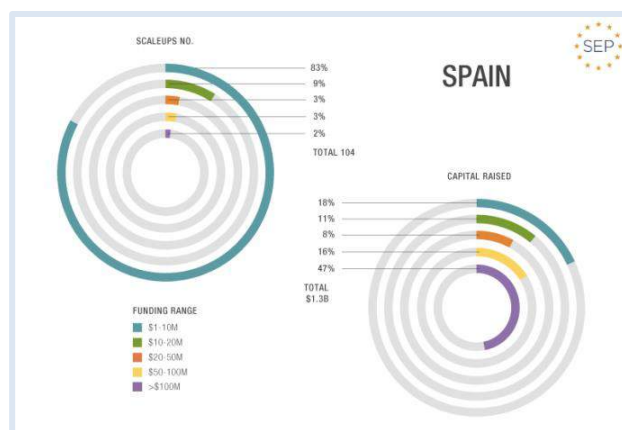
### SCALEUPS IN SPAIN: NUMBER AND CAPITAL RAISED

The SEP Monitor identified **104 scaleups** in Spain that raised collectively **\$1.3 billion** from venture capital funds. Venture Capital activity was almost exclusively in the **\$1M-\$10M** segment, with 83% of the companies (86) receiving funding within this range. 9% of the scaleups (10) raised capital in the range of \$10M-\$20M. Only 5% of all Spanish scaleups raised more than \$50 million. **A few cases of large funding (over \$50M) covered 63% of the capital available to Spanish scaleups.** Overall figures were substantially driven by a few successful companies (at least in terms of capital raised). If we don't include them, the landscape of Spanish scaleups looks structurally similar to Italy with a predominance of small scaleups. ♦

### THE SPANISH SCALERS

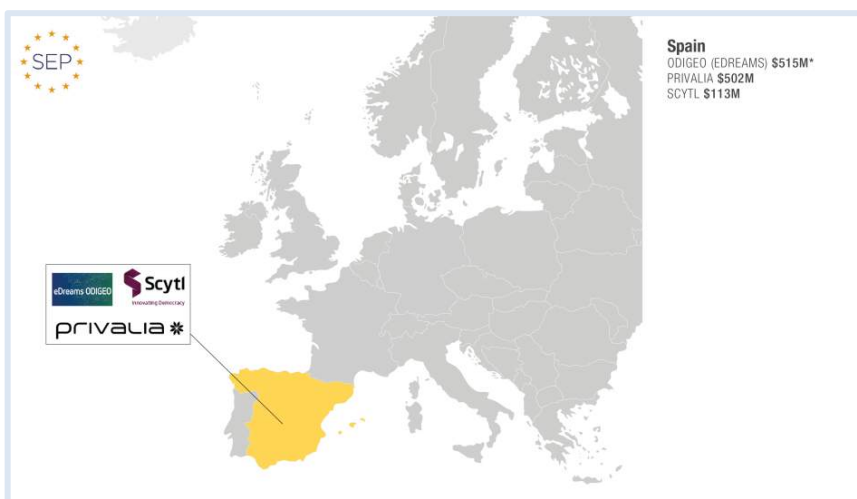
There were three scalers identified in Spain: the most successful is **Odigeo**, able to raise \$515 million, followed by **Privalia** and **ScytI**. ♦

Figure 33: Number of Scaleups and Capital Raised through VC in Spain



Source: SEP Monitor – May 2015

Figure 34: Scalers in Spain



Source: SEP Monitor – May 2015

“A few cases of large funding (over \$50M) covered 63% of the capital available to Spanish scaleups”





THE ONLINE TRAVEL GROUP

**Odigeo** is an online travel group formed in 2011 that includes the following brands: eDreams, GO Voyages, Opodo Travellink, and Liligo. It closed the financial year 2014-2015 with revenue over €436M and Ebitda adjusted over €90M.

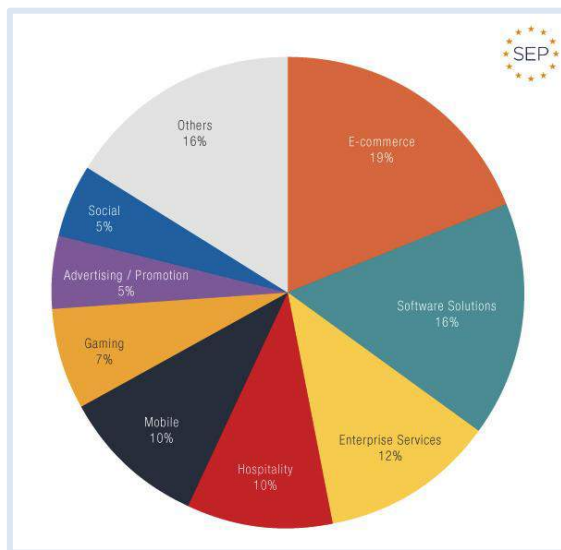


**Privalia** is an online-fashion outlet with operations across Spain, Italy, Brazil and Mexico. Privalia holds the leading market share in all these markets and raised over \$500 million capital.



Barcelona-based electronic voting company **ScytI** closed a \$104 million Series C funding round in summer 2014 that makes it the third most-fastest growing startup in Spain.

Figure 35: Spanish Scaleups per Category



Source: SEP Monitor – May 2015

### SPANISH EXITS

SEP recorded 37 transactions in Spain in the period 2010-2015. Almost half of them (16) occurred in the last year, a sign of an increased vitality of the M&A ICT sector. The most recent acquisition (with disclosed deal size) is **La Nevera Roja** (February, 2015) acquired by Foodpanda/Hellofood for \$90M.

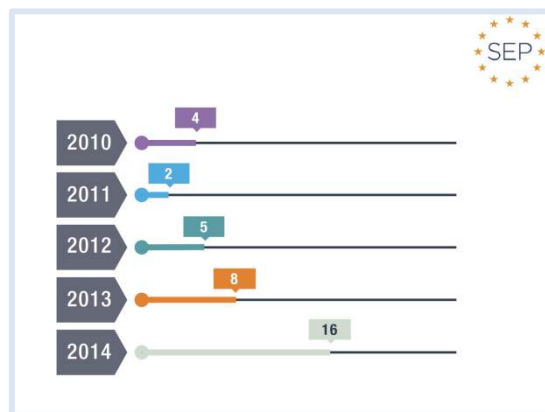
Founded in 2011 in Madrid, La Nevera Roja (“The Red Fridge”) is a Spanish online food-ordering platform providing delivery and takeaway service. ♦

### SPANISH SCALEUPS PER CATEGORY

**E-commerce is the leading category among Spanish scaleups, representing a 19% share.** Other relevant areas are Software Solutions (16%), Enterprise Services (12%), Hospitality (10%) and Mobile (10%).

“Almost half of Spanish M&As occurred in the last year, a sign of an increased vitality of the M&A ICT sector”

Figure 36: Spanish M&As per Year



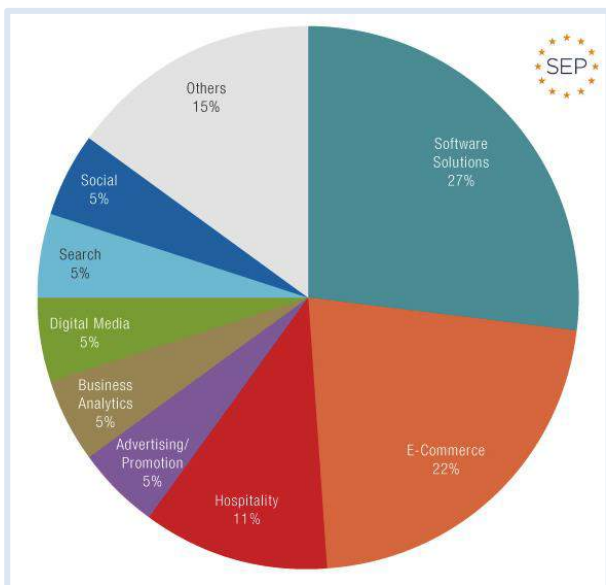
Source: SEP Monitor – May 2015

### SPANISH M&As PER CATEGORY

Almost half of the Spanish M&As happened in the Software Solutions (27%) and in the E-commerce (22%) areas.

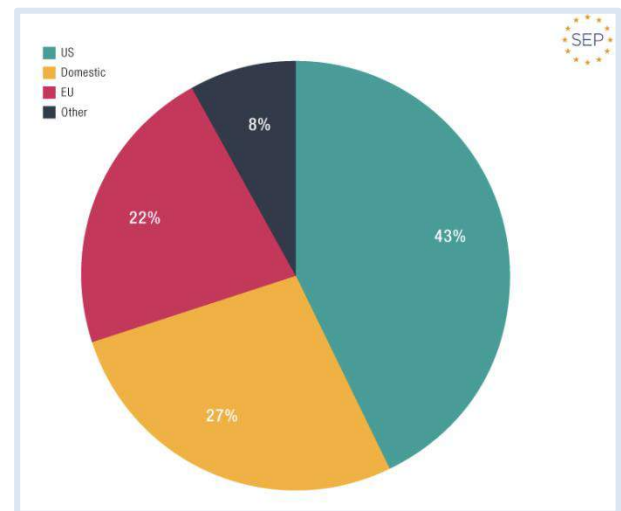
Another 11% of exits refer to startups operating in the Hospitality sector. ♦

Figure 37: Spanish M&As per Category



Source: SEP Monitor – May 2015

Figure 38: Nationality of Acquirers



Source: SEP Monitor – May 2015

### SPANISH IPOs

Two IPOs were reported in the Spain ICT sector in the period 2010-2015.

**Odigeo is the fifth most successful IPO among European ICT IPOs with \$515 million raised (2014, Madrid Stock Exchange).**

**Only Apartments’ IPO** was much smaller, with only \$5 million raised. Only Apartments focuses on short-term rentals around the world. ♦

### SPANISH M&As PER GEOGRAPHY OF ACQUIRERS

**U.S. Investors have also been very active in Spain, accounting for 43% of all Spanish deals,** the second highest figure – after UK - we reported in our five-country European comparison. 27% of the exits remained domestic, while another 22% were completed by EU-based companies. ♦



# SEP MONITOR

FROM UNICORNS TO REALITY

Startup  
Europe  
Partnership

## COUNTRY FOCUS: UK

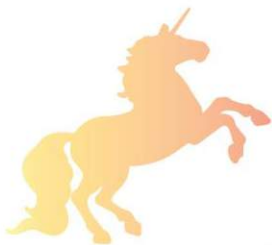
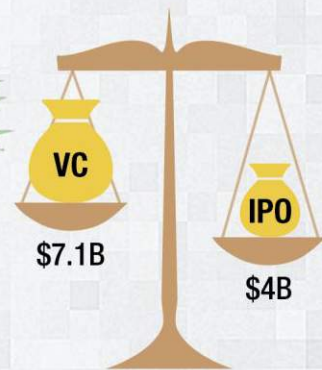


**399**

scaleups  
mapped

**\$11.1**

billion  
raised



**19** "scalers"  
mapped



**12** IPOs

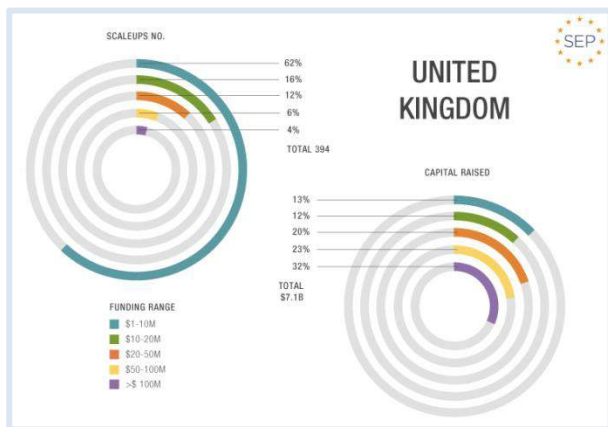


**85** M&As

### SCALEUPS IN THE UK: NUMBER AND CAPITAL RAISED

The SEP Monitor identified **394 UK scaleups** that received post-seed funding (>\$1M in capital raised) in the last five years through venture capital funds.

Figure 39: Number of Scaleups and Capital Raised through VC



Source: SEP Monitor – May 2015

- ◆ 244 (62% of the identified companies) raised between \$1M-10M;

- ◆ 28% are mid-scaleups (112) raising in the range of \$10M-\$50M;
- ◆ 10% of the scaleups (37) raised over \$50M. Combined, they account for 55% of total capital raised by the companies that were active on the market in recent years.

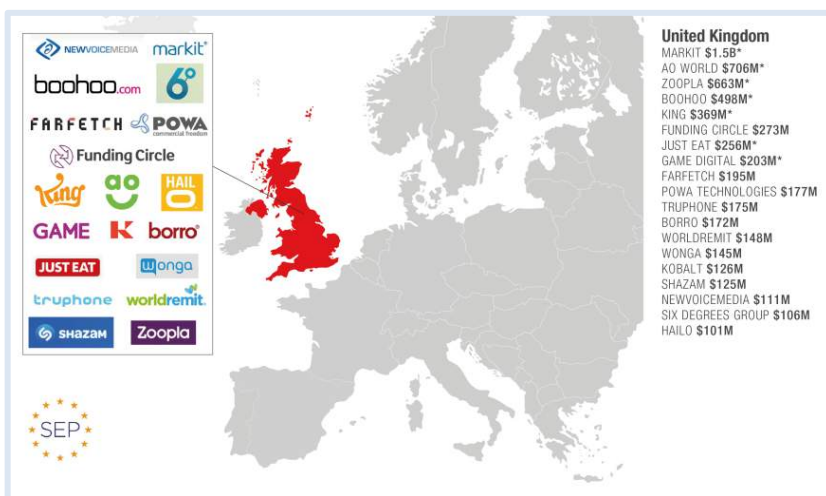
The scaleup distribution in UK was quite similar to what we identified in Germany. ◆

### UK SCALERS

Securing over \$100M of capital each, 19 scalers were identified in the UK. The most notable companies that secured funds via IPO include **Markit, AO World, Zoopla, Boohoo, King, Just Eat** and **Game Digital**.

**Funding Circle, Farfetch, Powa Technologies, Truphone, Borro, Worldremit, Wonga, Kobalt, Shazam, NewVoiceMedia, Six Degrees Group** and **Hailo** entered the “scaler” category securing more than \$100 million through venture capital funding. ◆

Figure 40: Scalers in the UK



Source: SEP Monitor – May 2015

“ 19 scalers were identified in the UK, securing more than \$100 million through venture capital funding ”



## markit

London-based **Markit** raised \$1.3B in a U.S. IPO in 2014 (\$4.3B was post-IPO valuation). Founded in 2003, Markit is a financial information services company helping businesses to improve operational efficiency and to meet regulatory requirements.



**AO World**, an online appliances seller, debuted its IPO in February 2014, raising \$706M at a \$2B valuation.



Smarter property search

**Zoopla** is one of the most popular property websites in the UK and provides house price estimates available in the UK market by leveraging user-generated data. The company raised \$650M in June 2014 on the LSE with a valuation of \$1.5B.



**Boohoo**, online fashion retailer, debuted its IPO on the LSE's junior AIM market in March 2014 raising \$498M with a valuation of \$0.9B.



**King Digital**, developer of the wildly popular mobile game "Candy Crush Saga," made its debut on the NYSE in Q1/2014. Its IPO raised \$326M at a record \$7B valuation.



**Funding Circle** founded in 2009 secured over \$273M from VC investors. The company provides an online marketplace allowing individuals to lend money directly to small and medium-sized businesses in the UK.



**Just Eat**, founded in 2001 in Denmark with headquarters in London, went public in April 2014 and raised \$167M with a valuation of \$2.4B. Just Eat is an online service acting as a web-based intermediary between independent takeaway food outlets and customers, and operates in 13 countries worldwide.

## GAME

The British video game retailer **Game Digital** raised about \$203M in its IPO on the LSE (June 2014) giving it a market capitalization of \$571M.



London-based **Farfetch** brings together independent fashion boutiques to provide a wide selection of elegant brands and styles. Founded in 2008, Farfetch raised \$195M in five rounds. The most recent round of \$86M came in March 2015.



Founded in 2007, London-based **Powa Technologies** is an international commerce specialist that creates technologies to seamlessly integrate the physical and digital world. It raised a total of \$177M.



Valued at \$473M, **TruPhone**, a UK-based mobile network that lets its users make free or low-cost calls to other mobile devices, received \$118M in 2013 from a group of investors led by Russian Tycoon Roman Abramovich, bringing its total VC funding to \$175M.



Founded by Paul Aitken in 2008, **Borro** is an online company providing loans secured against personal assets such as fine art, antiques, and jewelry. It raised \$172M in five rounds.



**Worldremit** is an online money transfer business enabling migrants and expats to send money to family and friends in more than 120 receive countries using a variety of payment options including debit cards, credit cards and innovative local payment methods. It raised \$148M in seven rounds (the last round of \$100M occurred in February 2015). The company was founded in London in 2010.



London-based **Wonga** is an online payday lender that offers short-term personal cash loans to UK consumers. Founded in 2007 the company raised \$145M in four rounds.



Founded in 2000, **Kobalt** provides technology solutions for a more transparent, efficient and empowering future for rights owners. The company raised \$126M in three rounds. The most recent round of \$60M came in February 2015.



**Shazam** connects more than 500 million people in over 200 countries and 30 languages to the music, TV shows and brands they love. The company was founded in 2002 and raised \$125M in nine rounds. The most recent one came in February 2015 (\$30M).



**NewVoiceMedia**, founded in 2000, secured \$111M. Headquartered in Basingstoke, the company provides cloud-based contact center solutions. It helps businesses of all sizes to remove the frustrations of poor call-handling at an affordable cost.



London-based **Six Degrees Group** raised \$106M in two rounds. The company was founded in 2011, and provides integrated and managed data services, including datacenter connectivity, voice and cloud offerings.



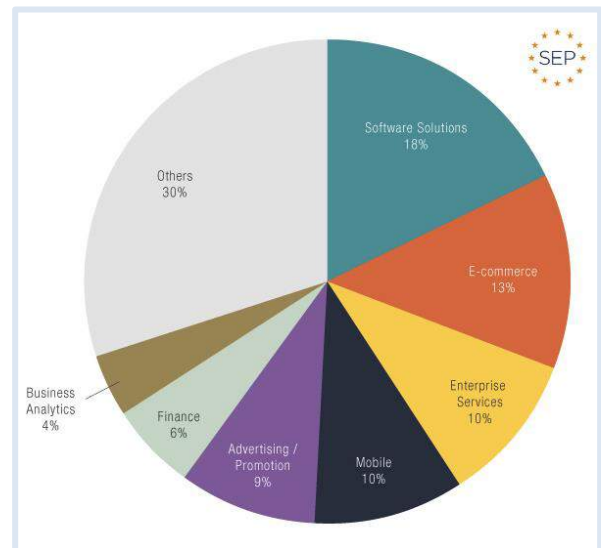
**Hailo** is an easy-to-use free smartphone app that allows passengers to get a taxi or licensed car quicker. Based in London, Hailo secured \$101M in four rounds. The most recent round of \$50M occurred in January 2014.

## SEP MONITOR: FROM UNICORNS TO REALITY

### UK SCALEUPS PER CATEGORY

**Software Solutions** and **E-commerce** drive the scale-up of the UK's ICT startup ecosystem, respectively accounting for 18% and 13% of all the mapped scaleups. Other relevant categories in UK are **Enterprise Services** and **Mobile** (10%), **Advertising/Promotion** (9%) and **Finance** (6%).

Figure 41: UK Scaleups per Category



Source: SEP Monitor – May 2015

### UK EXITS

**SEP identified 85 mergers and acquisitions in UK in the last five years, with a significant increase in 2014.**

The largest acquisitions with disclosed deal size in the last five-year period were **Autonomy** (2011), **NaturalMotion** (2014) and **DeepMind** (2014).

- ◆ **Autonomy**, acquired in 2011 by American Hewlett-Packard for as much as \$10B, offers software that allows enterprises to provide

insight and structure to electronic data, including unstructured information, such as text, email, web pages, voice, or video.

- ◆ Headquartered in Oxford, game developer **NaturalMotion**, which raised \$11M in 2012, was bought by Zynga for \$527M.
- ◆ Founded in 2011, the London-based secretive AI company **DeepMind** was bought by Google for more than \$500M. ◆

Figure 42: UK Exits



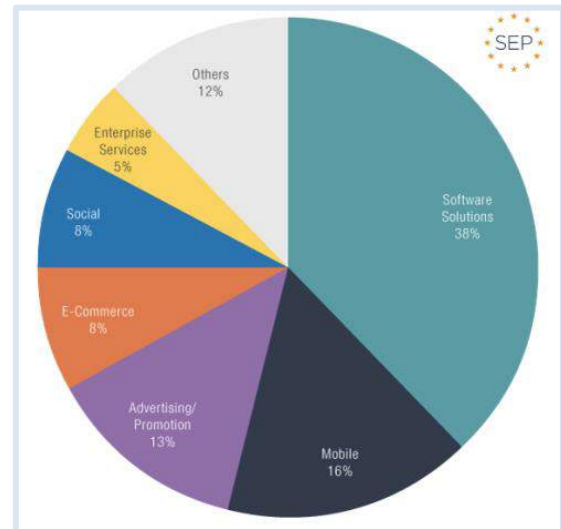
Source: SEP Monitor – May 2015

### UK M&As PER CATEGORY

**38% of all M&A transactions involved Software Solutions startups.**

Mobile and Advertising/Promotion accounted respectively for 16% and 13% of all deals. ◆

Figure 43: UK M&As per Category

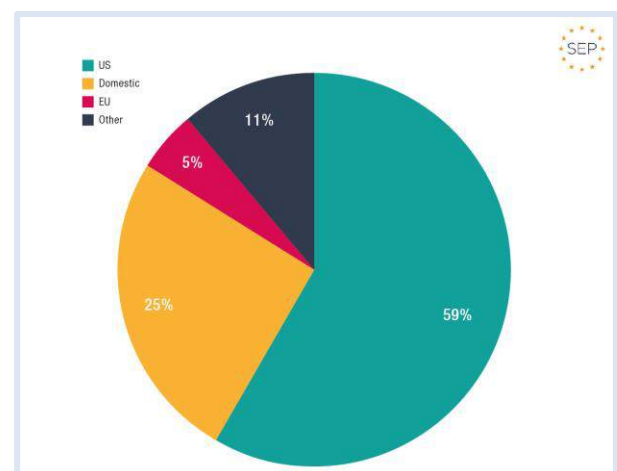


Source: SEP Monitor – May 2015

### UK M&As PER GEOGRAPHY OF ACQUIRERS

The most active acquirers on the UK startup scene were from the US: 59% of all acquired companies fell under the stars and stripes. This percentage is by far the highest we reported in our five-country European comparison.

Figure 44: Nationality of Acquirers



Source: SEP Monitor – May 2015

**25% remained in the UK**, while only 5% of startups were acquired by companies from other EU countries. Data suggest that **UK startups are more connected to the US than the EU ecosystem**. Food for thought. ♦

## UK IPOs

The UK is fairly active on the IPO side. **SEP reported 12 IPOs, of which 10 were domestic and 2 were international (New York)**. The UK ICT scaleups that went public in the last five years were: **Markit, AO World, Zoopla, Boohoo, King, Game Digital, Just Eat, Arria NLG, Rightster, Ubisense, Rosslyn Analytics and Attraqt**. The largest IPO in terms of capital collected was Markit, which raised \$1.3B, while King Digital got the highest valuation (\$7B). ♦

## SEP METHODOLOGY

The SEP Monitor is based on the Startup Europe Partnership (SEP) mapping & scouting database that focuses on scaleups.

SEP categorizes ICT companies as follows:

### Startup:

<\$1M funding raised (since foundation) and at least one funding event in the last five-year period.

### Scaleup:

>\$1M funding raised (since foundation) and at least one funding event in the last five-year period.

### Scaler:

>\$100M funding raised (since foundation) and at least one funding event in the last five-year period.

SEP categorization is based on capital raised, not on valuation. An alternative methodology is the one used by The Wall Street Journal and Dow Jones Venture Source that are tracking venture-backed private companies valued at \$1 billion or more (aka The Billion Dollar Startup Club or Unicorn Club).

SEP considers:

**Exit:** liquidity event that occurred in the last five-year period.

**M&A:** For companies that exited via M&A, the valuation is the amount that the company got acquired for.

**IPO:** For companies that went public, the exit valuation is that on the day of the IPO.

SEP Sources of information include the SEP database, portfolios of VC companies, corporate venture units, business angels, accelerators and active seed and early stage funds, crowdfunding platforms, tech competitions, and other relevant channels. Research is ongoing and results reported in the SEP Monitor are preliminary and cannot be considered as final. SEP welcomes research from everyone in the European startup ecosystem by providing data and indicating cases of scaleup companies and exits to be monitored.

SEP Monitor is published by SEP in collaboration with PEDAL Consulting /Ud'Anet and CrESIT. ♦

## SEP CORPORATE MEMBERS







## **About Mind the Bridge Foundation**

Mind the Bridge is a Foundation that runs programs to support all actors in entrepreneurial ecosystems.

Mind the Bridge has its headquarter in San Francisco (CA), where it runs a 3-week Startup School Program in its incubator Mind the Bridge Gym, a week long school for Angel Investors and an Intra-preneurship program for executives. Mind the Bridge has also been chosen by the European Commission to drive “Startup Europe Partnership (SEP)”, the pan-European open innovation platform to connect startups to large corporates and investors. The Foundation runs its operations also in Italy and London (UK).

[www.mindthebridge.org](http://www.mindthebridge.org)

[www.startupeuropepartnership.eu](http://www.startupeuropepartnership.eu)

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