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.

For more info:

http://startupeuropepartnership.eu | @sep.eu
THE KEY NUMBERS OF SEP MONITOR

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 “scalers” mapped

THE MISSING BRICK: IPOS

24 IPOs

A GROWING M&A PATTERN

350 M&As
The 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.

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 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.

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).

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).
Surprisingly, Spain relies on a quite active IPO channel (40% of overall funding). Spanish scaleups raised via IPO more finances 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.

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

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.

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.

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.

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

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>COUNTRY</th>
<th>YEAR OF ESTABLISHMENT</th>
<th>TOTAL FUNDING</th>
<th>CATEGORY</th>
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<tbody>
<tr>
<td>Markit</td>
<td>UK</td>
<td>2003</td>
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<td>Finance</td>
</tr>
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<td>Delivery Hero</td>
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<td>2010</td>
<td>$1,300.0</td>
<td>Hospitality</td>
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<td>Zalando</td>
<td>DE</td>
<td>2009</td>
<td>$943.4*</td>
<td>E-commerce</td>
</tr>
<tr>
<td>AO World</td>
<td>UK</td>
<td>2000</td>
<td>$706.0*</td>
<td>E-commerce</td>
</tr>
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<td>Zoopla</td>
<td>UK</td>
<td>2007</td>
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<td>E-commerce</td>
</tr>
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<td>Odigeo (eDreams)</td>
<td>ES</td>
<td>1999</td>
<td>$515.0</td>
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</tr>
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<td>Privalia</td>
<td>ES</td>
<td>2006</td>
<td>$501.6</td>
<td>Fashion</td>
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<tr>
<td>boothoo</td>
<td>UK</td>
<td>2006</td>
<td>$498.0*</td>
<td>Fashion</td>
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<td>BigPoint</td>
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<td>Gaming</td>
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<td>King</td>
<td>UK-SVE</td>
<td>2003</td>
<td>$369.0*</td>
<td>Gaming</td>
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<td>Foodpanda / Hellofresh</td>
<td>DE</td>
<td>2012</td>
<td>$316.0</td>
<td>Hospitality</td>
</tr>
<tr>
<td>Criteo</td>
<td>FR</td>
<td>2005</td>
<td>$314.4*</td>
<td>Advertising / Promotion</td>
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<td>Funding Circle</td>
<td>UK</td>
<td>2009</td>
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<td>Finance</td>
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<td>Kreditech</td>
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<td>Just Eat</td>
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<td>2012</td>
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<td>Gaming</td>
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<td>2012</td>
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<td>UK</td>
<td>2006</td>
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<td>UK</td>
<td>2008</td>
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<td>Finance</td>
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<td>FR</td>
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<td>$151.3</td>
<td>Network / Hosting</td>
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<td>Deezer</td>
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<td>$149.3</td>
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<td>WorldRemit</td>
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<td>$147.7</td>
<td>E-Commerce</td>
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<tr>
<td>Wonga</td>
<td>UK</td>
<td>2007</td>
<td>$145.0</td>
<td>Finance</td>
</tr>
<tr>
<td>Kobalt</td>
<td>UK-US</td>
<td>2001</td>
<td>$126.0</td>
<td>Enterprise Services</td>
</tr>
<tr>
<td>Shazam</td>
<td>UK</td>
<td>2002</td>
<td>$125.0</td>
<td>Mobile</td>
</tr>
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<td>SoundCloud</td>
<td>DE</td>
<td>2007</td>
<td>$123.3</td>
<td>Digital Media</td>
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<td>$113.2</td>
<td>Software Solutions</td>
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<td>NewVoiceMedia</td>
<td>UK</td>
<td>2000</td>
<td>$111.3</td>
<td>Enterprise Services</td>
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<td>Bla Bla Car</td>
<td>FR</td>
<td>2004</td>
<td>$110.0</td>
<td>Social</td>
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<tr>
<td>Six Degrees Group</td>
<td>UK</td>
<td>2011</td>
<td>$106.4</td>
<td>Enterprise Services</td>
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<td>Talend</td>
<td>FR-US</td>
<td>2005</td>
<td>$101.6</td>
<td>Software Solutions</td>
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<tr>
<td>Sarenza</td>
<td>FR</td>
<td>2005</td>
<td>$100.6</td>
<td>E-Commerce</td>
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<tr>
<td>Taille</td>
<td>UK</td>
<td>2010</td>
<td>$100.6</td>
<td>Mobile</td>
</tr>
</tbody>
</table>

*Data include capital raised through IPO

Source: SEP Monitor – May 2015
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.

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.

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.

No 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.
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.

**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*

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).

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.

**Focus on...**

**Acquisition Targets**

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.
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.

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

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.

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.
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.


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.

Source: SEP Monitor – May 2015
Figure 15: IPOs for Top European Scaleups

Source: SEP Monitor – May 2015
COUNTRY FOCUS: FRANCE

205 scaleups mapped

$3.1 billion raised

6 “scalers” mapped

7 IPOs

75 M&As
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.

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

Figure 17: Scalers in France

“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.”
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**

![French Scaleups per category](image)

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).

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.

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

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.
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.

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

208 scaleups mapped

$6.6 billion raised

9 “scalers” mapped

1 IPOs

125 M&As
We 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.

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

Figure 23: Scalers in Germany

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 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**

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). ♦

**German exits**

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

**German M&As per category**

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.

**Figure 26: German M&As per Category**

![Diagram showing German M&As per Category](image)

**Source: SEP Monitor – May 2015**

**Figure 27: Nationality of Acquirers**

![Diagram showing nationality of acquirers](image)

**Source: SEP Monitor – May 2015**

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).

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).
COUNTRY FOCUS: ITALY

72 scaleups mapped

$0.4 billion raised

0 "scalers" mapped

2 IPOs

28 M&As
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 scalers (> $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 scalers, 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)
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).

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 ShoppyDoo.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.

**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.

**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.

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

**ITALIAN M&As PER GEOGRAPHY OF ACQUIRERS**

The Italian M&A market is dominated by domestic acquirers that accounted for 32% all 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.
COUNTRY FOCUS: SPAIN

106 scaleups mapped
$1.8 billion raised
3 “scalers” mapped
2 IPOs
37 M&As
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.

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

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

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

Figure 34: Scalers in Spain

Source: SEP Monitor – May 2015
**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%).

**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.

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**Spanish Exits**

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

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.
COUNTRY FOCUS: UK

399 scaleups mapped

$11.1 billion raised

VC $7.1B
IPO $4B

19 “scalers” mapped

12 IPOs

85 M&As
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**

- 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**

"19 scalers were identified in the UK, securing more than $100 million through venture capital funding"
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.

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.

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.
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

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

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

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.

Source: SEP Monitor – May 2015

UK M&As PER CATEGORY
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).
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. ♦

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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).

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