

# Startup Transatlantic M&As

## US vs. EU





CrunchBase

# Startup Transatlantic M&As US vs. EU

**“Startup Transatlantic M&As: US vs. EU”**  
has been presented by Mind the Bridge and CrunchBase  
at European Innovation Day on September 12th in Mountain View.

*European Innovation Day is the opening conference  
of Startup Europe Comes to Silicon Valley (SEVC2SV) annual mission  
organized by Mind the Bridge as part of Startup Europe Partnership initiative.*

Startup  
Europe  
Partnership

## ABOUT STARTUP EUROPE PARTNERSHIP

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 ease the scale up process via business partnerships and strategic and venture corporate investments, providing them with access to the best technologies and talents through procurement of services and products, corporate acquisition or “acqui-hiring”.

SEP is led by Mind the Bridge, a global organization based in Europe and the United States, with the support of Nesta (the UK’s innovation foundation), Factory (an acceleration program and campus for tech companies of any stage, based in Berlin), and Bisite Accelerator (Madrid/Salamanca).

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

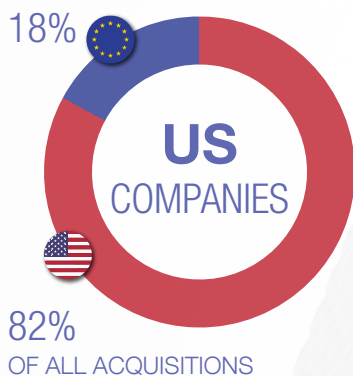
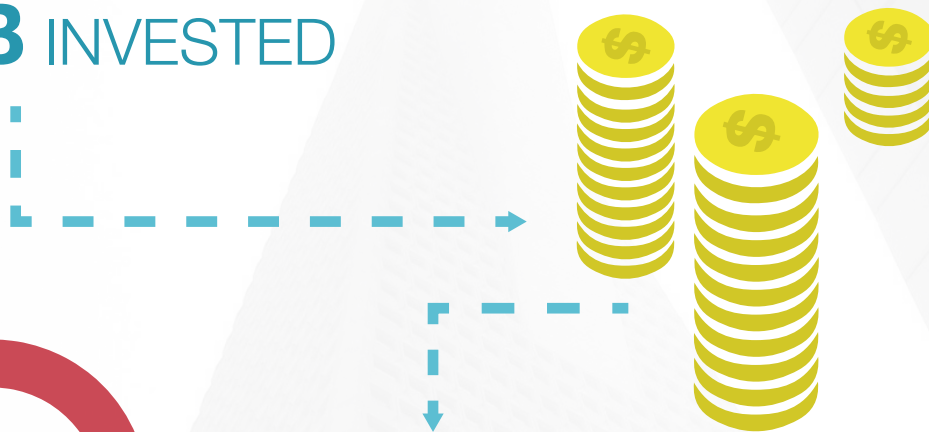
# Startup Transatlantic M&As

US vs. EU



**6K** STARTUPS EXITED IN US AND EUROPE SINCE 2012.

**\$625B** INVESTED



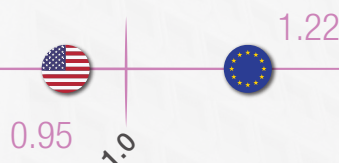
LEADING STARTUP ACQUISITIONS...

...and **SHOPPING** IN EUROPE.



EUROPE SHOWS A NEGATIVE

\* Exits/Acquisitions Ratio



**M&A BALANCE.**

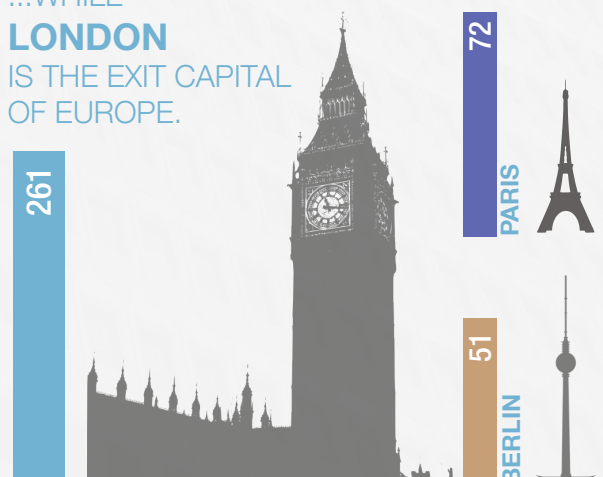
**SILICON VALLEY RUNS THE M&A SHOW**



with **21%** OF ALL DEALS



...WHILE **LONDON** IS THE EXIT CAPITAL OF EUROPE.





# US and Silicon Valley companies are more acquisitive.

by Alberto Onetti and Genè Teare

**The common wisdom is that acquisitions have played a central role in Silicon Valley's success**, and that buying startups is one of the fastest ways for companies to embrace disruption and keep innovating.

But are these widely held beliefs actually true or just more of **the many Silicon Valley myths?**

**Are U.S. and Silicon Valley companies more acquisitive** than the rest of the world and Europe in particular?

**Mind the Bridge and CrunchBase have dug into CrunchBase database**, to try to get some evidence of this phenomenon. As a result, a new report "*Startup Transatlantic M&As. US vs EU*" has been presented at the **European Innovation Day** conference on September 12th in Mountain View (CA) - the opening act of **Startup Europe Comes to Silicon Valley**. SEC2SV is an annual ten-day program where entrepreneurs, managers, investors and policy makers from both sides of the pond work together to identify best practices and practicable ways to foster innovation.

We hope you will find it useful. Below are some report highlights.

We tracked approximately **six thousand startup acquisitions performed by US and European companies since 2012**.

A total of **82% of the deals have been completed by US companies**.

Only 18 per cent were by European companies. In other words, 3 out of 4 startups have been acquired by US companies.

Not surprisingly, **21% of the deals have been completed by Silicon Valley companies**.

Even less surprisingly, among the top 15 acquirers in the ranking, we find 11 Silicon Valley companies. None of them is from Europe; the first European one – Germany's SAP - ranks 33rd.

Looking at the Old Continent, **the UK is the most active country in terms of exits (over 500 since 2012)** followed by Germany and France. The Nordics and Benelux prove to be other relevant regions in the European startup map.

**US companies are far more acquisitive than European ones.**

**We think this is key to innovation.**



**ALBERTO ONETTI**  
CHAIRMAN, MIND THE BRIDGE



**GENÉ TEARE**  
HEAD OF CONTENT, CRUNCHBASE

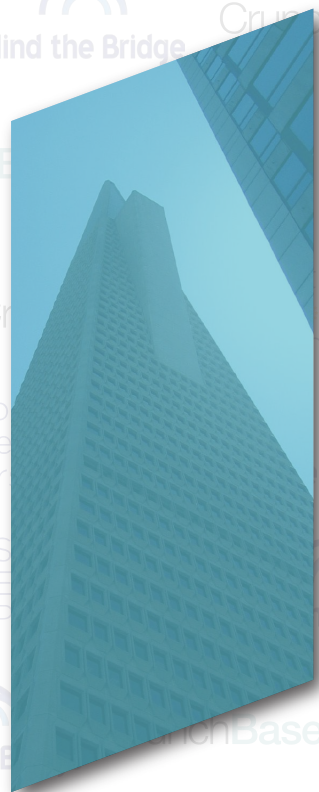


## Editorial Notes

This study is based on the CrunchBase dataset. The study is not exhaustive, however we believe that the present research is based on a representative set of companies that allow the collected results and trends to be generalized to a larger population.

To finalize the research, we analyzed over 15,230 M&A transactions completed since 2012 and tracked in CrunchBase. Since the scope of the research is focused on the acquisition of startups, we decided to include M&A transactions involving startups founded after 1995. As a consequence, we restricted the analysis to approximately six thousand transactions.

It is also important to note that, when we refer in the report to M&A values, we are referring to acquisition prices. Numbers include only transactions with disclosed amounts, which constitute approximately 16% of the total number of analyzed transactions. Although values for major transactions are usually revealed, values indicated in this study are structurally underestimated since a large percentage of startups do not disclose the price of the transaction.



Acquisitions have been key to Silicon Valley's continued success.

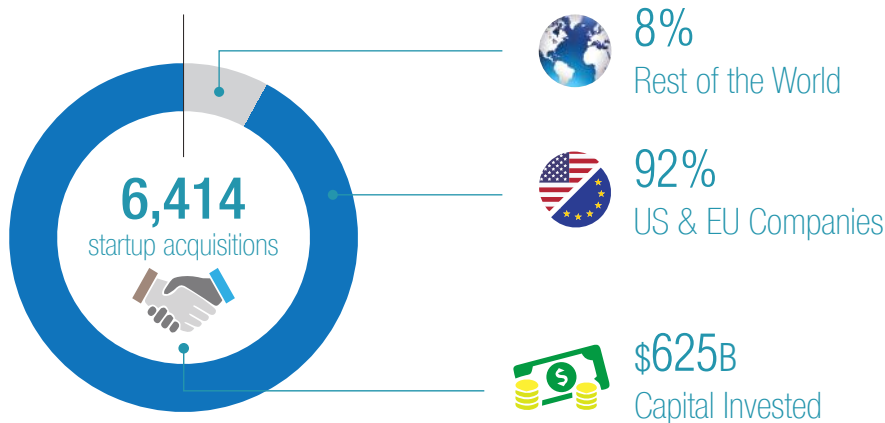
Acquiring startups is considered to be one of the fastest way  
for companies to embrace disruption and to keep innovating.

## Exits? How Many? Who's Buying US and European Startups?

We tracked **6,414 exits of US and European startups since 2012** for a total value of 625 billion dollars<sup>1</sup>.

A total of 5,925 (92%) acquisitions of US and European startups were performed by US and European companies, while the remaining 8% (489 transactions) were from the rest of the world.

### ACQUISITIONS OF US AND EUROPEAN STARTUPS



Additionally, we found that **US and European companies acquired an additional 576 startups outside the US and Europe**, spending \$25 billion dollars for deals with disclosed amounts.

### US AND EUROPEAN ACQUISITIONS OF STARTUPS OUTSIDE THE US AND EUROPE



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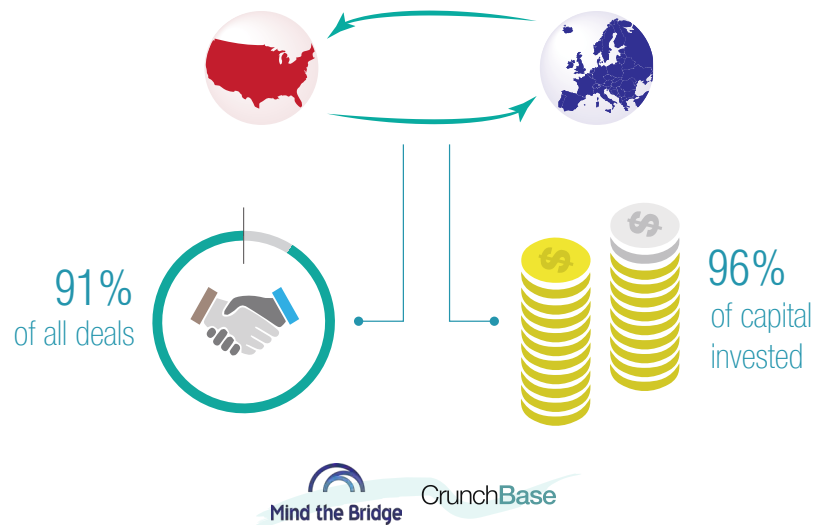
6k Startups exited in the US and Europe since 2012. \$625B invested.

<sup>1</sup> The exited values for this report includes only transactions with disclosed amounts.

This represents approximately 16% of all exits. Amounts for major transactions are often disclosed, but for the majority of acquisitions amounts are not disclosed



## US AND EUROPEAN ACQUISITIONS ACROSS THE ATLANTIC



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The data shows a clear lead of US companies in startup acquisitions.

US and European companies focus their M&A activity in the US and Europe: **91% of the acquisitions performed by US and European companies - and 96% of the price paid - refer to US and European startups.**

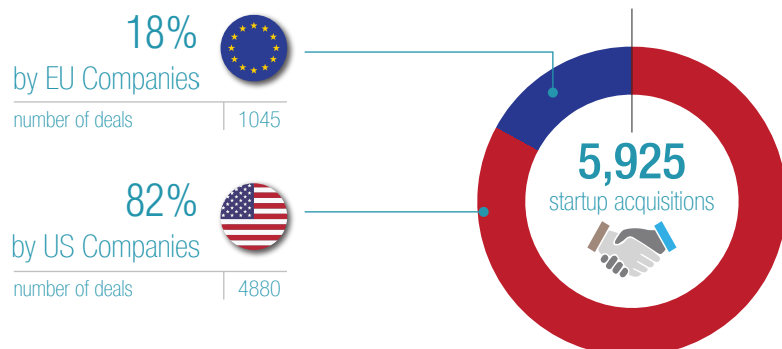
Consequently, our analysis will focus on these two regions with the goal to compare the US and European approach to startup acquisitions and the innovation ties between the United States and Europe.

For the sake of clarity, “*transatlantic*” will be referred to in this report to describe activities involving US and European entities, either companies or startups.

## US Companies Are More Acquisitive

**The data shows a clear lead for US companies in acquiring startups.** This supports the thesis that US companies have a more acquisitive approach than European companies.

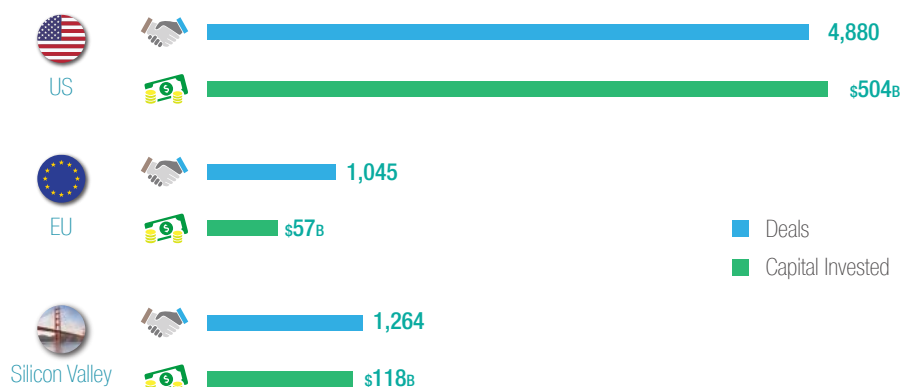
## US AND EUROPEAN EXITS: BREAKDOWN BY ACQUIRER



Overall, US companies acquired a significantly higher number of startups than EU companies, approximately **4 times more**.

**A total of 4,880 deals have been performed by US companies** representing 82% of all the transatlantic transactions.

### US AND EUROPEAN EXITS: BREAKDOWN BY REGION

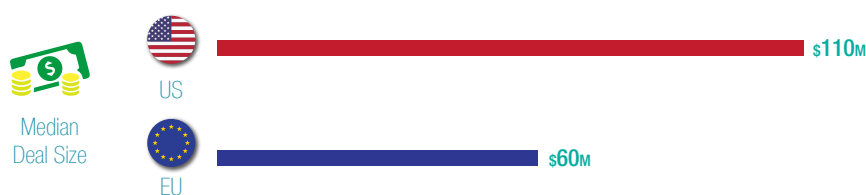


**US companies invested \$504 billion in disclosed transactions since 2012** in acquiring startups. This constitutes 90% of the overall disclosed value invested in startup acquisitions across the Atlantic. **The median deal size is \$110M, 1.83 times the median amount invested by European companies (\$60M).**

**1,264 transactions** (21% of all the transatlantic deals and 26% of US ones) **have been completed by Silicon Valley companies.**

**A total of 1,045** are acquisitions performed by European companies, representing 18% of all transatlantic deals. **European companies invested \$57 billion dollars.** Median transaction size is \$60M, that is slightly less than the half of the median amount paid by US companies.

### US AND EUROPEAN ACQUISITIONS OF STARTUPS: MEDIAN DEAL SIZE



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US companies acquire 4 times more startups than European counterparts.

## M&A Activities Across The Pond

Both US and Europe acquire startups primarily from their own region:

- 4.3K of US acquisitions (88% of all deals) are of domestic startups out of 4.9K total EU and US based startups acquired.
- Slightly more than 700 of EU acquisitions (68% of all deals) are of domestic EU based startups out of 1,045 total EU and US based startups acquired.
- US companies invested \$404B (80%) in domestic acquisitions and \$99B in acquisitions of European startups (20%).
- \$23B (41%) have been invested by European companies in domestic acquisitions versus \$34B (59%) acquisitions of US startups.

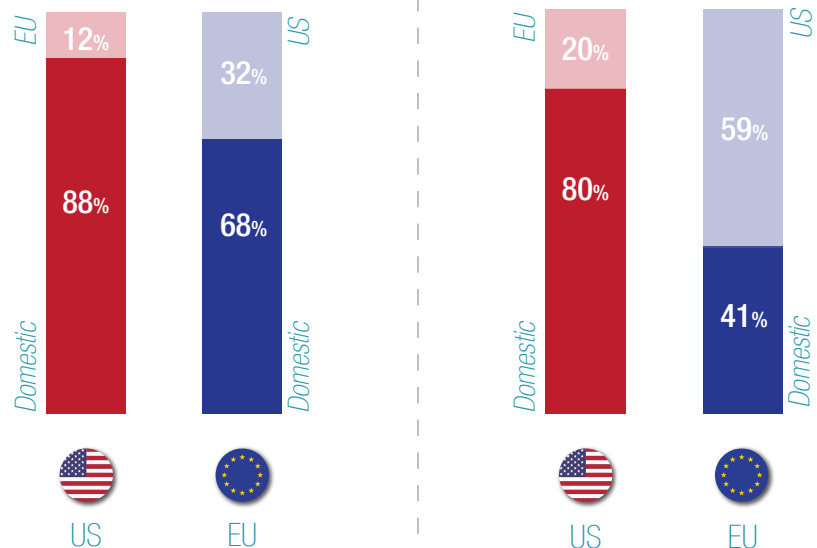
### ACQUISITIONS OF STARTUPS: DOMESTIC VS. CROSS-ATLANTIC



Deals



Capital Invested



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32% of European acquisitions that were acquired by US based companies accounted for 59% of the overall capital invested.



This data suggests that:

- On the one hand, **there is still a gap to be filled** in the European startup ecosystem's ability to produce exits;
- On the other hand – even more interestingly - **US startups are more expensive than their European counterparts** (32% of the acquisitions absorbed 59% of the overall amount paid<sup>1</sup>).

### US ACQUISITIONS OF EUROPEAN STARTUPS



Remarkably, even with US companies biased towards acquiring from their own region, they still managed to acquire almost the same number of European startups as European companies.

US companies acquired 562 European startups while 709 startups were acquired by European companies in Europe. That means that **44% of European startup acquisitions have been performed by US companies<sup>2</sup>**.

**This data is consistent with the statistics Mind the Bridge collected on European startup exits and reported in SEP Monitors<sup>3</sup>.** This research shows that 44% of the European acquisitions were completed by US companies.

<sup>1</sup> Values include only transactions with “disclosed” amounts. This could prevent - to a certain extent - the ability to generalize conclusions.

<sup>2</sup> Data here refer to startup acquisitions performed by US and European companies only.

<sup>3</sup> SEP Monitor is published by Mind the Bridge in collaboration with CrESIT as part of Startup Europe Partnership initiative. Analysis is limited to eleven countries (Denmark, Finland, France, Germany, Iceland, Italy, Norway, Portugal, Spain, Sweden, United Kingdom) and focused on ICT companies. In particular, we refer to the following publications:

- SEP MONITOR July 2015: From Unicorns to Reality. A Five-Country Comparison of European ICT Scaleups;
- SEP MONITOR November 2015: Portugal Rising: Mapping ICT Scaleups;
- SEP MONITOR June 2016: Northern Lights: ICT SCALEUPS IN THE NORDICS.

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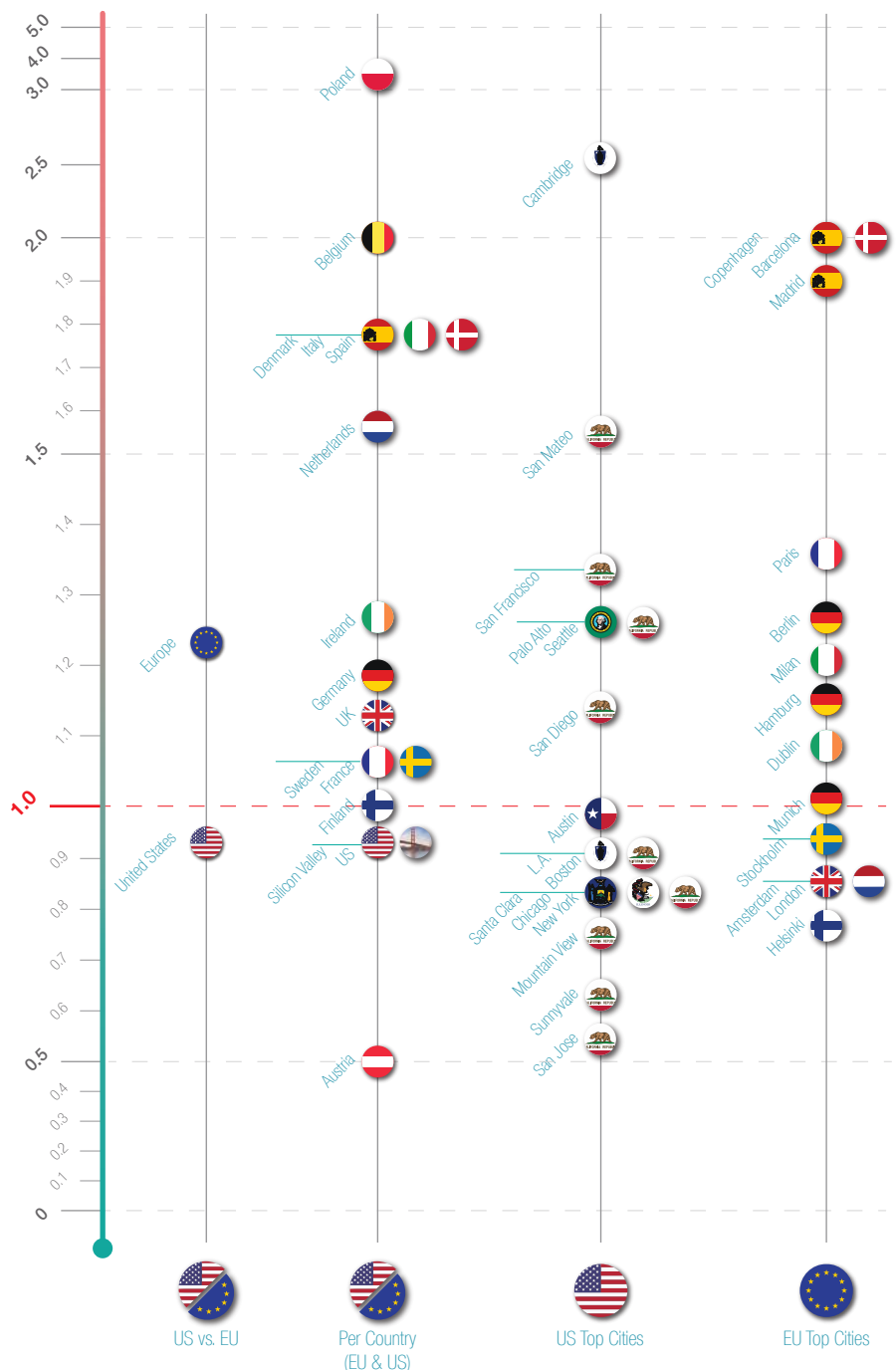
US companies acquired the same number of European startups than European counterparts.

## The More Buyers, The More Exits

Data show a very strong correlation between the countries and cities that have the largest amount of exits and the countries and cities with the most active acquirers.

**Linear correlation is 0.99 in Europe and it is 0.95 in United States.**

EXITS/ACQUISITIONS RATIO: US vs. EU



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There is a strong correlation between countries and cities with the largest amount of exits and acquisitions.

How can we interpret this data?

- **Acquirers prefer to buy local companies** (e.g. 56% of Twitter's acquired firms were based in California).
- **Startups are encouraged to locate closer to the acquirers** to maximize their exit opportunities.
- Startup ecosystems thrive where **both sides (acquirers and startups) are well represented**.

That said, **not all ecosystems show a positive balance** between the sell (exits) and buy (acquisitions) side.

We calculated - by geographical area (at the continental, country, and city level) the ratio between the number of exits and number of acquisitions.

- **Values above 1 show ecosystems with a “negative M&A balance”, i.e.** where the number of startups that have been sold is larger than the number of startups that have been acquired by companies in the region.

*A negative M&A balance is typical of emerging ecosystems that are able to generate a lot of startups, but they don't have a critical mass of large corporates active in open innovation and acquisitions.*

- **Values below 1 show ecosystems with a “positive M&A balance”, i.e.** where the number of startups that have been acquired by companies in the region is larger than the number of startups that have been sold in the same region.

*A positive M&A balance is characteristic of ecosystems with a strong corporate presence but a not yet properly developed startup community.*

While the US shows a certain equilibrium between exits and acquisitions (0.95), **Europe is still characterized by a negative M&A balance**: the 1.22 ratio indicates a situation where the overall number of startups that have been sold is larger than the ones that have been acquired by regional companies.

**This situation is clearly evident in the youngest ecosystems** (Spain and Italy and the Benelux). The Nordics, France, Germany and UK show lower values (between 1 and 1.2, below European average).

**When broken down by city, the US situation looks quite different.** New York, Chicago and some municipalities of the Silicon Valley (including Mountain View, Sunnyvale and San Jose), and to a lesser extent Los Angeles, Austin and Boston are “net acquirers” of startups (the number of startups acquired is larger than the ones that have been sold).

San Francisco, Seattle and Palo Alto are “net sellers” of startups.

**Silicon Valley, when considered as a whole, demonstrates a healthy balance (0.95), slightly below the parity.**

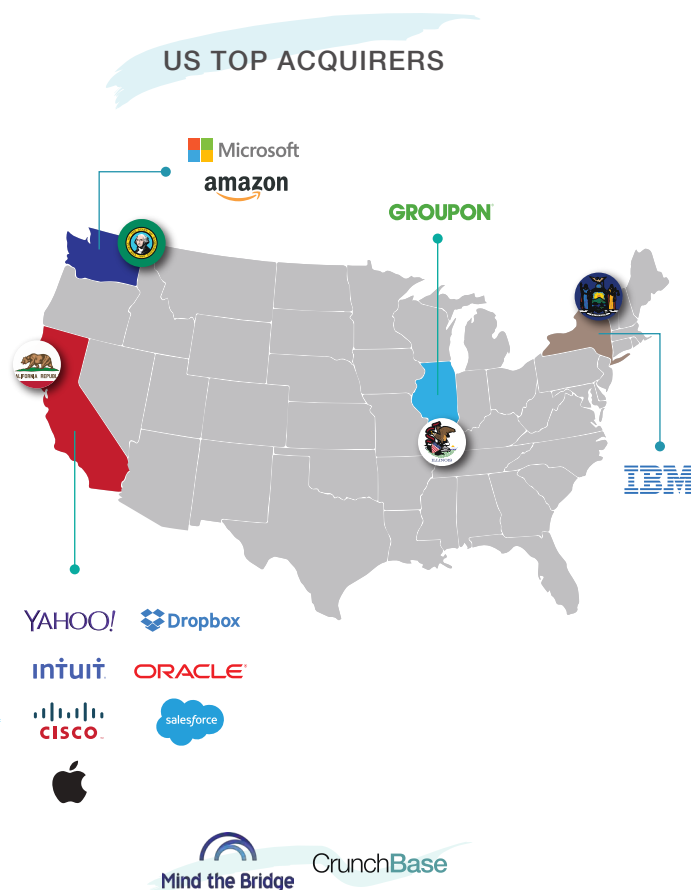
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Startup ecosystems thrive where both sides (acquirers and startups) are well represented.



## US and Silicon Valley Run the M&A Show

Not surprisingly the top 15 acquirers in the transatlantic ranking are all US companies. Even less surprisingly, 11 out of the top 15 are from the Silicon Valley. The first European company in the ranking is SAP that only ranks 33<sup>rd</sup>.



It takes 15 European companies (the top ones) to acquire the same number of startups than Google does.

On average, the top 15 US-based companies acquire 6 times more startups than the top European companies. If we restrict the analysis to the top 3 companies per region, the ratio increases to 7.5 times.

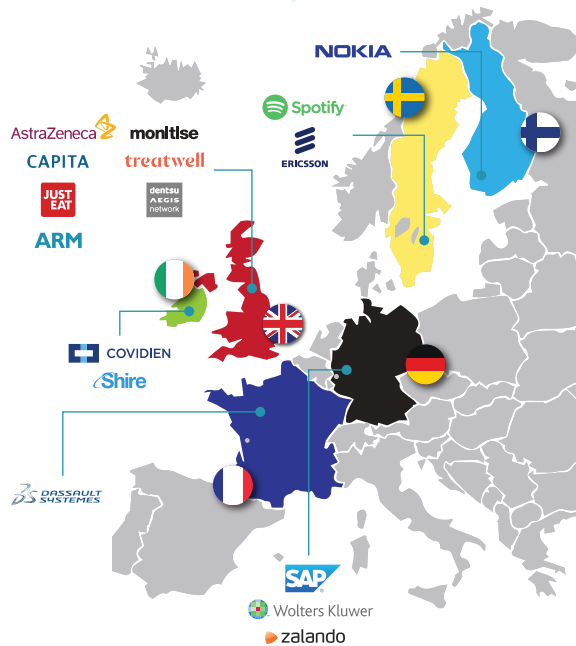
Altogether, the top 15 most active European companies have acquired approximately the **same number of startups that Google** bought in the same period.

Interestingly, **5 out of the top 15 European acquirers are companies founded in the new Millennium**. “New economy” companies seem to have a more acquisitive approach than traditional established companies.

### US Top 15 Acquirers

1	Google	Mountain View, CA	
2	Yahoo!	Sunnyvale, CA	
3	Apple	Cupertino, CA	
4	Cisco	San Jose, CA	
5	IBM	Armonk, NY	
6	Facebook	Menlo Park, CA	
7	Microsoft	Redmond, WA	
8	Oracle	Redwood City, CA	
9	Twitter	San Francisco, CA	
10	Amazon	Seattle, WA	
11	Salesforce	San Francisco, CA	
12	Dropbox	San Francisco, CA	
13	Groupon	Chicago, IL	
14	Intel	Santa Clara, CA	
15	Intuit	Mountain View, CA	

## EU TOP ACQUIRERS



## EU Top Acquirers

1	SAP	Germany	
2	Nokia	Finland	
3	Covidien	Ireland	
4	Spotify	Sweden	
5	Wolters Kluwer	Germany	
6	Dentsu Aegis Network	UK	
7	Monitise	UK	
8	AstraZeneca	UK	
9	Ericsson	Sweden	
10	Treatwell	UK	
11	Just Eat	UK	
12	Dassault Systems	France	
13	ARM	UK	
14	Shire	Ireland	
15	Zalando	Germany	

When broken down by country, **the US leads by far with 4,654 exits (79% of the total)**. The US role is even bigger if we consider the nationality of the acquirers (instead of the acquired companies): 82% of the transactions (4,880) have been completed by stars and stripes companies.

**The second country in rank is the United Kingdom.** The gap with the US remains huge: 4,654 vs 532, or 9x. If we look at the number of deals by nationality of the acquirer, the gap with the US is even deeper: more than 10 times (4,880 vs 471).

**Germany and France follow in the ranking, at a distance.**

They produced a number of exits that are respectively one third and one fourth than that of the UK.

Exits: Top 15 Countries  
(per nationality of the acquired company)

1	United States	4654	
2	United Kingdom	532	
3	Germany	166	
4	France	129	
5	The Netherlands	76	
6	Spain	62	
7	Sweden	57	
8	Ireland	49	
9	Italy	41	
10	Denmark	36	
11	Belgium	30	
12	Finland	29	
13	Poland	11	
14	Austria	7	
15	Hungary	7	

Acquisitions: Top 15 Countries  
(per nationality of the acquirer)

1	United States	4879	
2	United Kingdom	471	
3	Germany	139	
4	France	120	
5	Sweden	52	
6	The Netherlands	49	
7	Ireland	39	
8	Spain	35	
9	Finland	29	
10	Italy	24	
11	Denmark	21	
12	Belgium	15	
13	Austria	14	
14	Luxembourg	10	
15	Czech Republic	8	

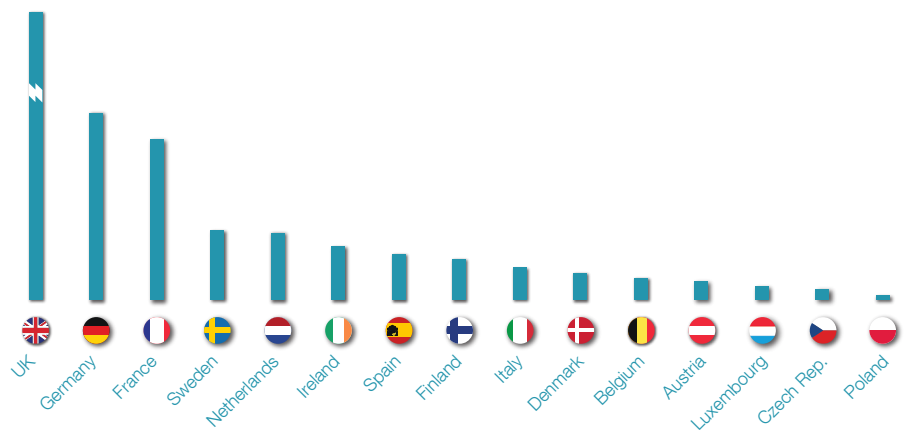
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Second country in the ranking is the UK. Still, with a 9x gap with the US.

## Europe: UK Leads By Far in the M&A Game

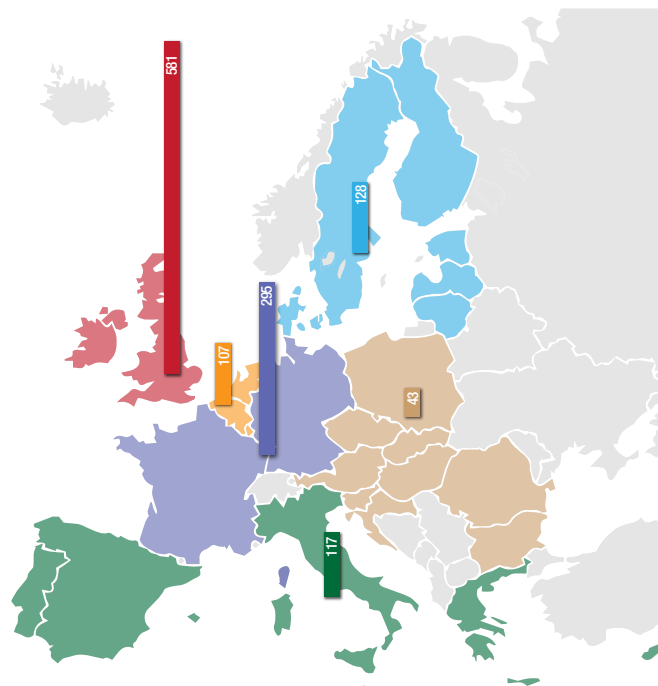
In terms of exits, the UK is the leading country in Europe with 532 startup acquisitions since 2012.

### STARTUP ACQUISITIONS: MOST ACTIVE COUNTRIES IN EUROPE (NUMBER OF EXITS)



Mind the Bridge CrunchBase

### STARTUP ACQUISITIONS: MOST ACTIVE REGIONS IN EUROPE (NUMBER OF EXITS)



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In terms of exits, UK is the leading country in Europe.



**The UK has acquired more startups than Germany, France, Benelux, Spain and Italy combined.**



**The UK shows 3x the number of exits compared with Germany, 4x France, 9x Spain, 13x Italy all did.**

There is a similar ranking if we look at the countries of the acquirers instead of the acquired companies. **The UK is at the top with 471 transactions**, followed by Germany (139) and France (120).











When broken down by sub-region, the UK+Ireland produced 581 exits, Continental Europe (Germany and France) follows with 295, Nordics+Baltics with 128, Benelux 106, Southern Europe (Spain, Italy, Portugal and Greece, plus Cyprus and Malta) with 103 and CEECs with 43.

## Guess What? 21% of Exits Happen in Silicon Valley

Exits: Top 10 Locations (US)  
(per location of the acquired company)

1	San Francisco	606	
2	New York	454	
3	Chicago	118	
4	Austin	112	
5	Mountain View	111	
6	Seattle	105	
7	Palo Alto	104	
8	Boston	83	
9	San Diego	79	
10	Los Angeles	71	

Acquisitions: Top 15 Locations (US)  
(per location of the acquirer)

1	New York	522	
2	San Francisco	457	
3	Mountain View	146	
4	Chicago	137	
5	Austin	114	
5	San Jose	114	
7	Sunnyvale	100	
8	Atlanta	95	
9	Boston	89	
10	Seattle	85	

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When broken down by city, Silicon Valley rules the world, with around 1.2k exits.

**When broken down by city, Silicon Valley rules the world.** A total of 1,264 exits were reported in the San Francisco Bay Area. This accounts for 26% of all US acquisitions.

Exits:  
Top 10 Locations (Silicon Valley)  
(per location of the acquired company)

1	San Francisco	606
2	Mountain View	111
3	Palo Alto	104
4	Sunnyvale	64
5	San Jose	61
6	San Mateo	58
7	Santa Clara	50
8	Redwood City	42
9	Menlo Park	32
10	Cupertino	15



Acquisitions:  
Top 15 Locations (Silicon Valley)  
(per location of the acquirer)

1	San Francisco	457
2	Mountain View	146
3	San Jose	114
4	Sunnyvale	100
5	Palo Alto	82
6	Santa Clara	62
7	Redwood City	58
8	Menlo Park	53
9	Cupertino	48
10	San Mateo	38

In Silicon Valley, San Francisco is the main hub (606 exits), while another 599 exits happened down in the Valley. **Mountain View and Palo Alto show the highest concentration along the Highway 101** corridor traversing Silicon Valley.

**New York is the other big hub in the United States with 454 exits.** The Boston area (including Cambridge) (136) and Chicago (118) rank a distant third and fourth. Austin, Seattle, San Diego, Los Angeles follow.

If we look at the location of the acquirer, we find a somewhat different ranking. **San Francisco loses its primacy, while New York is the top ranked city** (with 522 acquisitions). The gap with Chicago narrows with 137 acquisitions reported. Silicon Valley as a whole still remains at the top, with 1,264 acquisitions completed by companies with a Bay Area zipcode.

## London is the Exit Capital for Europe *(No Fun Intended)* Paris and Berlin Follow at a Distance

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London is by far the exit capital for Europe with 261 exits.

Exits: Top 10 Locations (EU)  
(per location of the acquired company)

1	London	261	
2	Paris	72	
3	Berlin	51	
4	Dublin	36	
5	Stockholm	31	
6	Madrid	25	
7	Barcelona	24	
8	Munich	23	
9	Amsterdam	22	
10	Copenhagen	22	

Acquisitions: Top 15 Locations (EU)  
(per location of the acquirer)

1	London	302	
2	Paris	53	
3	Berlin	41	
4	Dublin	33	
4	Stockholm	33	
6	Amsterdam	25	
7	Helsinki	22	
7	Munich	22	
9	Hamburg	14	
10	Madrid	13	

London is by far the exit capital for Europe with 261 exits. The number of startups that exited in London is almost the same as for the other top seven cities in Europe combined.

Paris (72 exits) is the second hotspot in terms of exits, followed by Berlin (51), Dublin, Stockholm, Madrid, Barcelona, Munich, Amsterdam, and Copenhagen

If we look at the location of the acquiring company, Munich and Stockholm improve their respective ranking, while Helsinki and Hamburg enter the top ten.



**The numbers of startups that exited in London  
is almost the same number than the other  
top seven cities in Europe all together.**



## Methodology

**Stats have been elaborated by Mind the Bridge based on data provided by CrunchBase.**

This report is based on public available information and disclosed data that is collected by CrunchBase. While the data and the timeframe of the analysis is not exhaustive, the main purpose of the report is to provide insights and show trends.

**Timeframe:**

Data refer to acquisitions completed since 2012 & afterwards, involving US & European companies.

**Geography:**

This report is focused on US and Europe. Europe includes the 28 countries that are part of European Union (UK is considered). Russia, Israel, Switzerland, and Turkey are not considered.

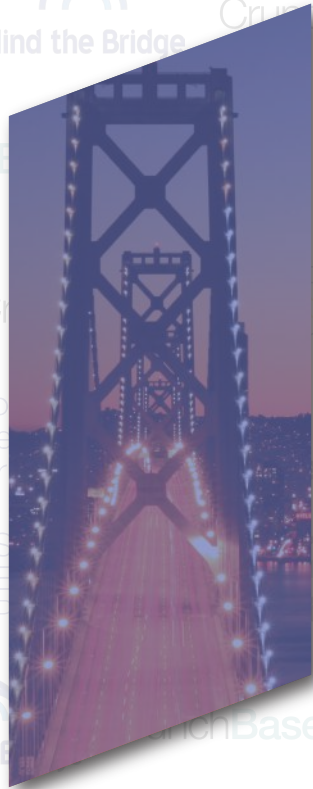
For the sake of clarity, we refer as “transatlantic” to describe activities involving US and European entities, either companies or startups.

**Target Companies:**

The study included startups founded after 1995.

**Deal Values:**

Data about deal amounts only include transactions with “disclosed” amounts. A large percentage of companies do not disclose price. 16.3% of acquired startups in this study have a price associated.



When broken down by city, Silicon Valley rules the world.

1,205 exits are reported in the Bay Area.

This accounts for 26% of all US acquisitions.



CrunchBase







### About Mind the Bridge

Founded in 2007, Mind the Bridge is a Silicon Valley/European organization dedicated to developing, promoting, and supporting sustainable entrepreneurial ecosystems around the world and bridging them to the world's most innovative center – the Silicon Valley.

Mind the Bridge offers a suite of programs and services (Startup School, Investors Program, Scaleup Mastery Program, Corporate Executive Program, Technology Scouting) with partnerships and operations in Europe, Asia, MENA, and LATAM.

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. It is also the host of Startup Europe Comes to Silicon Valley (SEC2SV), an intense week of activities in Silicon Valley for top EU scaleups, corporates and policy makers.

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

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

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### About CrunchBase

CrunchBase is the destination for learning about companies, discovering investments and industry trends, and finding news about hundreds of thousands of public and private companies globally.

From startups to Fortune 500s, CrunchBase provides a depth and breadth of knowledge that ensures its data is recognized as the primary source of business information by millions of users globally.

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