A comprehensive, data-driven look at emerging trends, investments, and active investors in France

2018 Trends
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   France vs. UK vs. Germany
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Executive summary

Dollar funding to French Tech reaches record high: 2018 dollar funding outpaced 2017 by 8%, totaling approximately $3.5B. However, deal activity has slowed, decreasing to 699 deals in 2018, down from 771 in 2017.

Quarterly deal activity sustains even pace: Quarterly deal activity fluctuated in 2018 by small amounts quarter-to-quarter, but sustained a relatively even pace throughout the year. Quarterly dollar funding decreased 35% in Q4’18, compared to Q3’18, after a decline in the number of $100M+ funding rounds.

Early-stage deal share contracts in second half of 2018: While early-stage deal share (seed/angel and Series A) rose over the first half of 2018, reaching 66%, this share decreased by 12 percentage points between Q2’18 and Q4’18.

French corporate participation sustains increased pace: Deals with participating corporates accounted for 20% of deal activity in Q4’18. While a decrease from Q3’18 (22%), corporate participation has grown noticeably since Q4’17, when it stood at 13%.

Paris, the center of the French Tech universe: Paris remained the most active city for tech investments in France in 2018, with $2.2B invested across 311 deals. Lyon placed as the second-most active city in France, witnessing 28 deals in 2018.

France sees increase in deal activity, while the UK and Germany see decline: France has consistently ranked second behind the UK, but ahead of Germany, in terms of deal activity for the last five quarters. However, it was the only country of the three to see an increase in deal activity in Q4’18.

French internet deal share declines: The internet sector in France saw its deal share decline in 2018, dropping from 66% percent in Q1’18 to 55% in Q4’18. Notably, the software and electronics sectors have witnessed an increased deal share over the same period.

Paris&Co leads as most active incubator/accelerator in 2018: Paris&Co, the economic development and innovation agency of Paris, was the most active incubator/accelerator in 2018. The agency also ranked as the most active incubator/accelerator for all of 2017. Retail- and brand-focused accelerator Lafayette Plug and Play placed second.

Kima Ventures the most active private investor in 2018: Kima Ventures was the most active private investor in 2018 based on participation in equity deals to unique French Tech companies.

Note on report methodology
Exits in this report only include the first exit of a company. Funding analyses include equity, debt, and other deals (including recapitalizations) into private companies with headquarters in France. Deals from accelerators and incubators are excluded from overall funding analyses, and are examined separately. The latter methodology was employed beginning with the Q1 2017 La French Tech Report.

For questions regarding this methodology, reach out to info@cbinsights.com.
INVESTMENT TRENDS

Deals & dollars

2018 Trends
FRENCH TECH FUNDING SINCE 2014

$11.71 billion

ACROSS

2,511 deals
FRANCE BECOMES A RISING GLOBAL LEADER IN TECH

“When I said three and a half years ago that France would be the tech leader in Europe, nobody believed that — and it’s happening.”

John Chambers
Chief Executive Officer, Cisco Systems
2018 dollar funding reaches record high

2018 dollar funding surpassed 2017 totals by 8%, reaching $3.5B by year-end.

2018 dollar funding was marked by several major $100M+ rounds to French Tech companies, including a $200M investment in mobile games publisher Voodoo.

While dollar funding increased, deal activity declined by 9% to 699 deals in 2018.
2018 quarterly deal activity sustains even pace

While 2016 and 2017 witnessed significant growth in quarterly deal activity, 2018 saw relatively minor fluctuations quarter-to-quarter.

Quarterly dollar funding decreased 35% in Q4’18, compared to the previous quarter, after seeing only one $100M+ deal. In comparison, Q3’18 dollar funding was boosted by several such deals.
Quarterly early-stage deal share contracts

Early-stage deal share (seed/angel and Series A) decreased by 12 percentage points between Q2’18 and Q4’18.

The “Other” category, which encompasses business plan competitions, corporate minority deals, and grants, among others, has seen a rise in activity since Q2’18.
Investments beyond early-stage grow

In addition to an increase in its quarterly deal share, the “Other” category has seen an increase in its annual deal share as well.

Specifically, we have seen a dramatic rise in the number of business plan competitions and corporate minority deals, a key component of the “Other” category, taking place since 2014.
Median early-stage deal size remains steady

Early-stage median deal size has maintained a steady level since nearly doubling between Q2’17 and Q4’17.

While early-stage deal activity has declined, investors have continued to invest a steady level of capital into early-stage startups.
Corporate / CVC participation sees an uptick in activity

Since Q4’17, corporate participation in French Tech deal share has increased gradually.

The largest corporate-backed deal in Q4’18 was a $114M corporate minority funding to carpooling startup BlaBlaCar by SNCF.

![Corporate / CVC participation in French Tech deals](chart.png)
“[France] is a country that is at the forefront of defining what this new era of technology will mean to our society ... globally.”

Satya Nadella
Chief Executive Officer, Microsoft
Spotlight: Paris
France vs. UK vs. Germany
2018 Trends
Paris reigns as center of French Tech

Paris-based tech companies saw 311 deals in 2018. While this is a decrease from the 351 deals witnessed in 2017, Paris remains significantly more active than any other city in France.

The next most-active cities for French Tech deals in 2018 include Lyon (28 deals) and Nantes (21).
Paris quarterly deal activity rebounds

Top equity deals Q4’18

**BlaBlaCar**
$114M / Corporate Minority

**FINALCAD**
$40M / Series C

**Vectaury**
$23M / Private Equity

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Paris quarterly financing trends to tech companies
Q4’17 – Q4’18

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Amount of funding ($M)</th>
<th>Number of deals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4’17</td>
<td>$312</td>
<td>90</td>
</tr>
<tr>
<td>Q1’18</td>
<td>$454</td>
<td>87</td>
</tr>
<tr>
<td>Q2’18</td>
<td>$683</td>
<td>80</td>
</tr>
<tr>
<td>Q3’18</td>
<td>$639</td>
<td>63</td>
</tr>
<tr>
<td>Q4’18</td>
<td>$409</td>
<td>81</td>
</tr>
</tbody>
</table>
France falls back to third place for dollar funding

After briefly edging into second place in Q3’18 for dollar funding, France fell back behind Germany into third place in Q4’18.

The UK saw a substantial, and temporary, increase in dollar funding in Q3’18. The spike was due to several 100M+ mega-rounds, including a $2.8B corporate minority investment to data center company Global Switch.
France the only country to see rise in deal activity in Q4’18

Though not in first place, France was the only country to see an increase in deal activity between Q3’18 and Q4’18.

France’s overall average deal size ($3.7M), remains well below the UK’s ($11.0M) and Germany’s ($7.2M), highlighting the country’s emphasis on investing in and promoting early-stage startups.
“France has all assets to succeed. It has top engineers, great entrepreneurs, one of the best education systems in the world, great infrastructure, and successful global companies.”

Sundar Pichai
Chief Executive Officer, Google
Sector breakdown

2018 Trends
Internet sector sees small and steady decline

The internet sector’s deal share, while still more than half of all deals, has steadily declined in 2018.

As the internet sector’s deal share wavers, French Tech companies in other categories are gaining a greater share of investor attention. These include companies in the software and electronics sectors.
Internet dollar funding declines in Q4’18

Top equity deals Q4’18

**HappyTal**
$26M / N/A

**Linkfluence**
$21M / Series C

**Selency**
$17M / Series B
Mobile sector funding sees large quarterly swings

Top equity deals Q4’18

BlaBlaCar
$114M / Corporate Minority

FINALCAD
$40M / Series C

Vectaury
$23M / Private Equity

French mobile & telecommunications investment activity
Q4’17 – Q4’18

Amount of funding ($M)

Number of deals
Electronics deal activity rebounds

**Top equity deals Q4’18**

- **Syntony**
  $17M / Series A

- **Crosscall**
  $14M / Private Equity

- **Silicon Mobility**
  $10M / Series B
Software deals and dollars up

Top equity deals Q4’18

**METRON**
$9M / Series A

**Data Impact**
$9M / N/A

**Zelros**
$5M / Seed VC
Despite several quarters of declining deal share, the internet and mobile sectors still account for a combined 69% of deal activity to French Tech companies. The largest deals in Q4’18 within these sectors went to carpooling app BlaBlaCar ($114M corporate minority) and mobile building construction platform FINALCAD ($40M Series C).
“There is really something going on with the French ecosystem, and for the first time we see French corporates writing checks of several hundred million euros to acquire startups.”

Romain Lavault
General Partner, Partech Ventures
Selected industry breakdown

2018 Trends
Advertising tech deals steadily decline

Top equity deals Q4’18

**Vectaury**
$23M / Private Equity

**Lucky Cart**
$4M / Series A

**Elium**
$2M / Seed VC
HR & workforce deals rebound after 2 quarters of decline

Top equity deals Q4’18

**Wizbii**
$11M / Series B

**Skello**
$7M / Series A

**Crosstalent**
$3M / Private Equity
Business intelligence & analytics dollar funding skyrockets

Top equity deals Q4’18

**FINALCAD**
$40M / Series C

**Linkfluence**
$21M / Series C

**Braincube**
$14M / Series A
AI deal activity on the rise again

**Top equity deals Q4’18**

**Braincube**  
$14M / Series A

**METRON**  
$9M / Series A

**Data Impact**  
$9M / N/A
ON IBM’S INVESTMENTS IN FRANCE

“We want to make France a center of excellence dedicated to artificial intelligence.”

Virginia Rometty
Chief Executive Officer, IBM
Top deals and investors

2018 Trends
“...there’s enough environment [in France], there’s enough of the right brains and people and the government that something’s going to pop. And I want to be in the front seat watching and helping to see if we can get there.”

Tony Fadell
Founder, Nest Labs
Kima Ventures ranks as France’s most active private investor in 2018

While Bpifrance was the most active overall investor in equity deals to unique French Tech companies in 2018, Kima Ventures ranked as the most active private investor.

Several startups — such as Tinyclues and Meero — have been funded by multiple investors on this list.
Paris&Co the most active incubator / accelerator in 2018

Paris&Co ranked as the most active incubator / accelerator in 2018.

Paris&Co, which is the economic development and innovation agency of Paris, has invested in startups across finance, health, clean tech, and sustainable urban development.

Lafayette Plug and Play, an accelerator for startups focused on retail and brands, ranked second.

<table>
<thead>
<tr>
<th>RANK</th>
<th>INVESTOR</th>
<th>SELECT INVESTMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PARIS&amp;CO</td>
<td>Testpass, Idelyo, Pandalab,</td>
</tr>
<tr>
<td>2</td>
<td>Lafayette Plug and Play</td>
<td>One Stock, PayLead, Visualbot</td>
</tr>
<tr>
<td>3</td>
<td>Impact USA</td>
<td>Syntony, Allure Systems, Woleet</td>
</tr>
<tr>
<td>3</td>
<td>La Maison des Startups</td>
<td>Heuritech, Euveka, Kronos Care</td>
</tr>
<tr>
<td>5</td>
<td>Scale by Scaletech</td>
<td>Sencrop, Scalia, Shipup</td>
</tr>
</tbody>
</table>
## Top French Tech equity deals 2018

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>AMOUNT / ROUND</th>
<th>SELECT ROUND INVESTORS</th>
<th>COMPANY</th>
<th>AMOUNT / ROUND</th>
<th>SELECT ROUND INVESTORS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voodoo</td>
<td>$200M / Private Equity</td>
<td>Goldman Sachs</td>
<td>OPENCLASSROOMS</td>
<td>$60M / Series B</td>
<td>General Atlantic, Alven Capital, Bpifrance, Citizen Capital</td>
</tr>
<tr>
<td>BlaBlaCar</td>
<td>$114M / Corporate Minority</td>
<td>SNCF</td>
<td>Cityscoot</td>
<td>$49M / Series B</td>
<td>Caisse des Depots et Consignations, inVenture Partners, LeasePlan, RATP Capital Innovation</td>
</tr>
<tr>
<td>Evaneos</td>
<td>$80M / Series D</td>
<td>Quadrille Capital, Partech Partners, Serena Capital, XAnge Private Equity, Level Equity, Bpifrance</td>
<td>Back Market</td>
<td>$48M / Series B</td>
<td>Aglae Ventures, Eurazeo, Groupe Arnault, Daphni</td>
</tr>
<tr>
<td>Recommerce Group</td>
<td>$62M / Series C</td>
<td>Capzanne, Creadev</td>
<td>CONTENTSQUARE</td>
<td>$42M / Series B</td>
<td>Canaan Partners, Eurazeo, Highland Europe, H14</td>
</tr>
</tbody>
</table>
PeopleDoc acquisition the largest VC-backed French exit of 2018

The acquisition of human resources management software startup PeopleDoc for $300M by Ultimate Software Group was the largest VC-backed exit in 2018.

The IPO of Voluntis, at a valuation of $123M in May 2018, constituted the largest VC-backed IPO in 2018.

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>VALUATION/EXIT TYPE</th>
<th>DATE</th>
<th>ACQUIRER</th>
</tr>
</thead>
<tbody>
<tr>
<td>PeopleDoc</td>
<td>$300M / Acquisition</td>
<td>7/17/2018</td>
<td>Ultimate Software Group</td>
</tr>
<tr>
<td>Voluntis</td>
<td>$123M / IPO</td>
<td>5/30/2018</td>
<td>Public</td>
</tr>
<tr>
<td>Kalray</td>
<td>$111M / IPO</td>
<td>6/12/2018</td>
<td>Public</td>
</tr>
<tr>
<td>Cherz</td>
<td>$56M / Corporate Majority</td>
<td>2/14/2018</td>
<td>CEWE Stiftung &amp; Co.</td>
</tr>
</tbody>
</table>
VC-backed French Tech exits are capital efficient

Of the top four French VC-backed exits in the last four quarters, all were to companies that raised less than $50M.

Notably, photo collage and delivery startup Cheerz was acquired in a corporate majority deal at a valuation of $56M by Germany-based photo service company CEWE Stiftung & Co., after only raising approximately $7M.
Automated photo-editing service takes largest French AI deal of 2018

Paris-based Meero offers an AI-driven photo-editing service that uses computer vision to automatically enhance pictures. The startup raised a $45M Series B round of funding.

Energy analytics platform Kayrros placed second, raising a $25M Series B round of funding.

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>AMOUNT/ROUND</th>
<th>SELECT ROUND INVESTOR(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meero</td>
<td>$45M/ Series B</td>
<td>Alven Capital, IDInvest Partners, White Star Capital, Global Founders Capital, Aglae Ventures</td>
</tr>
<tr>
<td>Kayrros</td>
<td>$25M / Series B</td>
<td>Cathay Innovation, Primwest, Index Ventures, AtlasInvest, Korelya Capital</td>
</tr>
<tr>
<td>Prophesee</td>
<td>$19M/ Series B - II</td>
<td>iBionext</td>
</tr>
<tr>
<td>Tinyclues</td>
<td>$18M/ Series B</td>
<td>Elaia Partners, Alven Capital, ISAI, EQT Ventures</td>
</tr>
<tr>
<td>GrAI Matter Labs</td>
<td>$15M/ Series A</td>
<td>360 Capital Partners, iBionext, 3T Finance</td>
</tr>
<tr>
<td>BrainCube</td>
<td>$14M/ Series A</td>
<td>next47, Iris Capital</td>
</tr>
</tbody>
</table>
“The growth of the tech ecosystem in France over the past five years has been faster than the rest of Europe . . . There’s a compounding effect of repeat entrepreneurs wanting to reinvest in and mentor the ecosystem.”

Philippe Botteri
Partner, Accel Partners