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The State of French Corporate Venture Capitalists

1. WORLDWIDE CVCS' INVESTMENTS ARE BOOMING

In 2017, CVCs invested \$31bn worldwide



a +17.8% increase compared to 2016







and a X3 increase since 2013

871 deals in 2016

In 2017, North America - which is considered as a

mature and stable market – saw a +0.8% increase in



878 deals in 2017



285 deals in 2016



358 deals in 2017

Europe is a growing market for CVCs with an increase of **+25.6%** in the number of deals made in 2017 compared to 2016







in 2016

in 2017

Asia, which is the most dynamic area for CVCs' investments, saw a **+64.8%** increase in the number of deals compared to 2016



THE FRENCH CASE - EVOLUTION BETWEEN 2016 AND 2017









compared to 2016

Increase in the average amounts invested by the interviewees





realized by the interviewees

Increase in the average number of investments





amounts (in total and on average), make more deals but invest smaller tickets on each deal

French CVCs invest bigger



Decrease in the average ticket invested by the interviewees

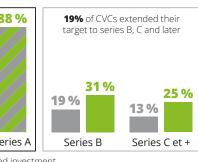
Increase in the total amount invested by the interviewees - for 50% of them, it will keep on increasing in 2018

2. CVCS' INVESTMENT STRATEGY IS EVOLVING

•••••• THE INVESTMENT STRATEGY FOLLOWED BY CVCS









For **83%** of interviewees, the majority of their 2017 investments consisted in new investments (as opposed to re-investments in startups of their portfolio)



There are more re-investments in the US market, probably because it's more mature: among US Top-10 CVCs*, re-investments rate fluctuates between 48% and 65% of the total number of deals * according to CB Insights ranking

Preferred investment stage



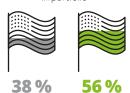
One CVC out of two usually favors co-investing rather than leading a deal...

...whereas only 28% of the interviewees would rather choose to be lead investors



These figures reflect the behavior of CVCs worldwide: according to the 2018 GCV report, only 19% of CVCs choose to be lead investors in more than half of their investments

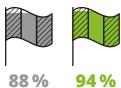
CVCs with a US startup in portfolio



2017

2016

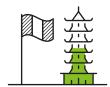
CVCs with a French startup in portfolio



2017

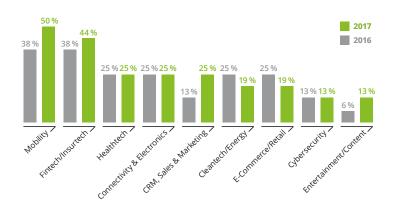
2016

French CVCs prioritize investing in Northern Europe (83%), followed by France (72%), and North America (67%) in the coming years



With a **64.8%** increase in number of deals in 2017, the Asian market is attracting French CVCs: **half** of the interviewees said they wanted to invest in Asia in the coming years

.....INVESTMENT SCOPES





Only **6%** of CVCs are thinking of investing in ICO in the upcoming 12 months





French CVCs do not seem to have followed the trend of some investors for this method of financing, which took off in 2017 and then fell back after a sudden collapse of "crypto-hype"

3. HOW CVCS COPE WITH EXPECTED TRENDS AND MAIN EVOLUTIONS FOR 2018

..... TEAMS

6.6 employees Average size of teams (versus 18+ in the US)



82 %of interviewees
had recruited new
employees in 2017





···· OFFICES ····

of CVCs have opened offices abroad since 2016 (South East Asia, US, Germany, UK and Africa)



..... MAIN STAKES FOR 2018



83 %Developing synergies with corporate activity



39 %Extending geographic scope



39 % Making investment strategy evolve



28 %Developing technological axes

..... MAIN DISRUPTIONS EXPECTED FOR 2018



44 %Technological (blockchain, Al, ...)



Organizational (startup / corporate collaboration)



11 % Structural (open innovation, VC vs. CVC, intrapreneurship)

4. MUTUAL BENEFITS AND VALUE CREATION FROM WORKING TOGETHER

····· BENEFITS FROM WORKING TOGETHER ······



Startups

Global economic performance improved (revenue, assets, FTEs, etc.) thanks to corporates resources (production sites, IP, R&D, market expertise, networking capacities)





Corporates

Developing synergies (sharing distribution channel, technologies, brands, commercial practices, sales strategy, etc.) which provide additional revenues and earnings, ability to absorb startups' technologies, externalizing R&D, technological watch

RESPECTIVE OBJECTIVES



For startups: to benefit from financial, strategic and technical resources from a corporate





For corporates: financial and strategic objective which enables to boost their knowledge and activity by developing long term partnerships with startups in which they invest

This convergence of interests is concretized by the following facts::

- startups and corporates do work together (on average, each CVC has signed **3.3** commercial partnerships with startups of their portfolio in 2017)
- **83%** of the interviewees have led POCs with startups in 2017

Sources: LinkedIn, Crunchbase, Internet websites, Academic articles [Colombo, Massimo G., and Samuele Murtinu, "Venture capital investments in Europe and portfolio firms' economic performance: Independent versus corporate investors". *Journal of Economics & Management Strategy 26.1* (2017); Galloway T.L., Miller D.R., Sahaym A., et Arthurs J.D. (2017)], CB Insights, *Les Échos*, Atomico Press

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