

SEP MONITOR - July 2014

Mapping the European ICT “Exits”

Abstract

The **Startup Europe Partnership** mapping and scouting database focuses on “**scaleups**” — European startups that have been able to break the “early-stage barrier” and are a candidate to become large global companies and real job creators.

This **SEP Monitor** focuses on “**exits**” of European startups that have been acquired by other companies or went public (IPO) in the last three-year period. The current analysis is limited to ICT scaleups. SEP Monitor mapped over 200 exits in the period 2011-2014. Approximately 30 acquisitions at \$100M+ valuation are also reported. [Autonomy](#) and [Supercell](#) are the largest ones, each with a \$1B+ valuation. Five IPOs were each valued at more than \$1B valuation. UK and Germany are the European countries with the highest number of exited scaleups (47%). The United States was the prevalent base of the acquirers (47% of deals).

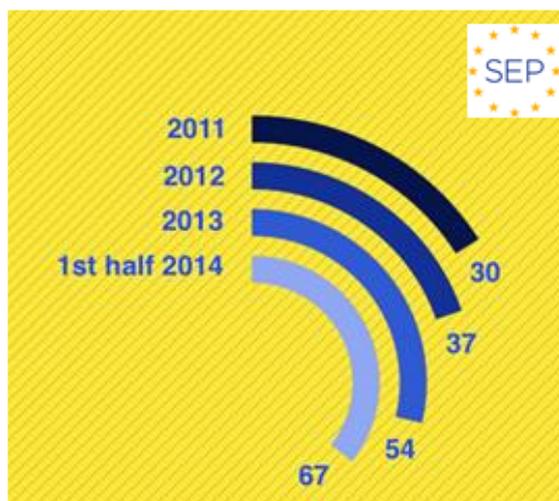
SEP Monitor is based on ongoing online resource and data mining; results and findings are preliminary.

Mapping the European ICT “Exits” - SEP Headlines

More than 200 exits were reported in Europe in the last 3 years.

- The SEP Monitor identified about 200 European exits in the ICT sector in the period 2011-2014.
- The number of exits has been growing steadily since 2011.
 - In 2013 the number of exits in Europe increased by some 80% (from 30 to 54).
 - In the first half of 2014 67 acquisitions were completed. If the trend continues, one may expect more than 100 European scaleups achieving an exit this year.
- The exit value was disclosed in about 40% of the identified acquisitions.
 - Including the IPO of Russia’s [Yandex](#), the total valuation was slightly above \$61B.
- The capital raised by acquired companies prior to the liquidity event was disclosed in over 50% of identified cases.
 - The overall disclosed amount was \$2.4B.

Figure 1: European ICT Exits per Year (2011-14)



Source: Startup Europe Partnership (SEP) Monitor – July 2014
*Preliminary Data

Approx. 30 companies were acquired for more than \$100M. [Autonomy](#) and [Supercell](#) each broke the \$1B barrier.

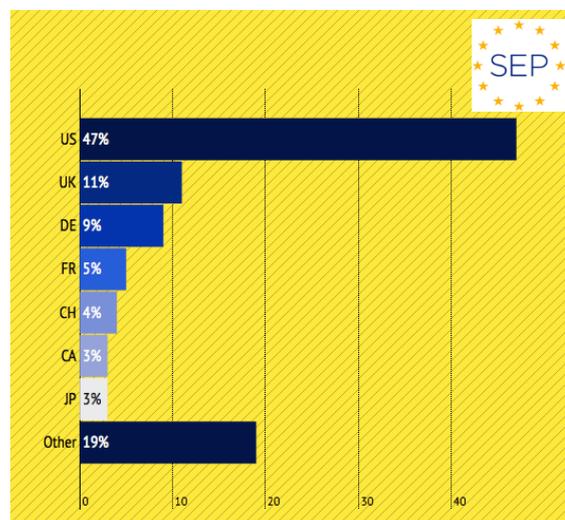
- The largest reported acquisition to date was the UK-based company Autonomy (2011).

- Autonomy, founded in Cambridge in 1996, was acquired in 2011 by American HP for \$10B, making it one of HP's largest deals to date. Autonomy's software allows enterprises to provide insight and structure to electronic data, including unstructured information such as text, email, web pages, voice, or video.
- Other large European acquisitions were Finnish Supercell (2013), the French [Neolane](#) (2013), the Cyprus-registered company [Viber](#) (2014) and the German [Trivago](#) (2013).
 - Based in Finland with North American operations in San Francisco, Supercell is a mobile game development company. Japanese companies [SoftBank](#) and [GungHo Online Entertainment](#) acquired 51% of the company for \$1.5B in October 2013.
 - In 2013 [Adobe](#) acquired French startup Neolane (a conversational marketing company with an annual revenue of approx. \$60M) for \$600M in cash.
 - Japanese e-commerce scaler [Rakuten](#) bought in February 2014 the chat app Viber (Cyprus) for \$900M.
 - The German metasearch startup company Trivago was acquired by [Expedia](#) for approximately \$590M in 2013.
- Beyond Supercell, [DeepMind](#), [NaturalMotion](#) (UK), [LaFourchette](#) (France), [Area9](#) (The Netherlands) and [Milanuncios](#) (Spain) are other European scaleups that exited in 2014.
 - Founded in 2011, the London-based secretive artificial intelligence company DeepMind was bought by Google for \$400M in January this year.
 - Headquartered in Oxford, game developer NaturalMotion, which raised \$11M in 2012, went to exit after being bought up by [Zynga](#) for \$380M in January 2014.
 - Operating in France, Switzerland, and Spain, LaFourchette, which provides online reservation software, consumer-facing apps, and APIs for third-party developers to help restaurants increase their business, was acquired by [TripAdvisor](#) for \$140M in May.
 - Based in The Netherlands, Area9 was bought by [McGraw-Hill Education](#) for \$178M.
 - [Schibsted Classified Media](#) Spain (SCM Spain) acquired in February Milanuncios, one of the top generalist online classifieds companies in Spain, for the amount of \$100M.

Five IPOs each received a valuation of more than \$1B.

- Yandex (Russia), [King Digital](#) (UK), [Just Eat](#) (Denmark), [Criteo](#) (France), [Interxion](#) (The Netherlands) and [Zendesk](#) (Denmark) are the European scaleups that got significant IPOs in the last 3 years.
 - Russian Yandex operates the largest search engine in Russia with about 60% market share in that country. The company went public in 2011 with a valuation of \$11.45B.
 - Originally headquartered in Sweden and moved to UK thereafter, King Digital, the company behind the mobile game "[Candy Crush Saga](#)", made its debut on the NYSE in 1Q/2014 with an IPO of \$7.09B.

Figure 2: European Scaleup ICT Exits: Country of Acquirers



Source: Startup Europe Partnership (SEP) Monitor – July 2014
*Preliminary Data

- Just Eat, founded in 2001 in Denmark with headquarters in London, went public in April 2014 and has a valuation of \$2.44B. Just Eat is an online service acting as a web-based intermediary between independent takeaway food outlets and customers. It operates in 13 countries around the globe.
- Founded in France in 2005, Criteo went public in October 2013 and has a valuation of \$2.14B. Criteo works with internet retailers to serve personalized online display advertisements to consumers that have previously visited the advertiser's website.
- Cloud provider Interxion is headquartered in The Netherlands and operates in 11 European countries. Founded in 1998, it completed a \$1.89B IPO in 2011.
- Software development company Zendesk was founded in 2007 in Copenhagen and, after some funding rounds, moved to Silicon Valley in 2009. It went public in May 2014 with a \$159M IPO.

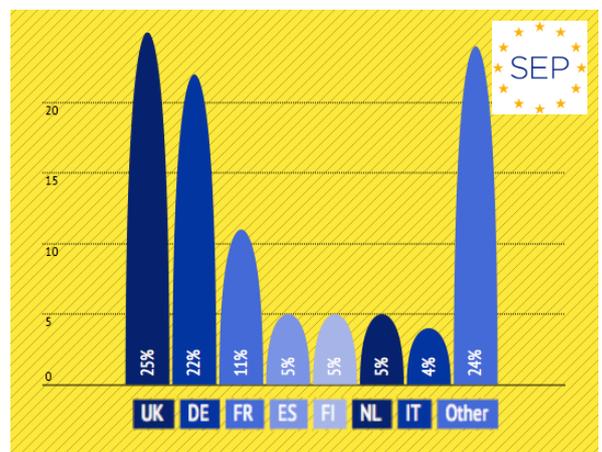
47% of the exits are generated in the UK and Germany.

- UK and Germany are the countries with the highest number of exited scaleups.
 - 25% of the exited companies came from the UK, 22% from Germany.
 - 11% of exited companies are based in France.

United States is the typical exit door: 47% of acquirers are US-based companies.

- SEP Monitor shows that the vast majority (47%) of all acquirers come from the U.S.
 - Some of the exited companies were originally set up in Europe, but they were consequently scaled-up in USA. Zendesk is the reference model.
- On the European side, UK, Germany and France are the most active countries with regard to startup M&A.
 - 11% of the acquiring companies are UK based, 9% are German companies and 5% are French companies.

Figure 3: Country Origin of the Companies that Exited



Source: Startup Europe Partnership (SEP) Monitor – July 2014
*Preliminary Data

About Startup Europe Partnership (SEP)

Established by the European Commission in January 2014, **SEP** is dedicated to transforming European startups into scaleups able to break the early-stage barriers to growth and development by linking them with global corporations in a pan-European entrepreneurial ecosystem. SEP's goal is to accelerate early-stage companies to become global players and real job creators. 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".

Under the umbrella of the EU Startup Europe initiative, SEP is the first open platform dedicated to support the growth and sustainability of European startups able to compete and raise funds internationally. It is one of the six actions for web entrepreneurs defined in the Commission Communication, "Entrepreneurship 2020 Action Plan" (European Commission, January 2012), and conceived to realize recommendations included in the Startup Manifesto.

Promoted by the European Commission, 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), and The Factory campus for startups and mature tech companies in Berlin. Partners include Telefónica, Orange, BBVA (Founding), and Telecom Italia, Unipol Group and Microsoft (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. Startup Europe Partnership (SEP) is a Startup Europe initiative. For more info: <http://startupeuropepartnership.eu> | @sep_eu

About SEP Monitor

SEP Monitor is realized by Startup Europe Partnership (SEP) in collaboration with PEDAL Consulting and Ud'Anet. SEP Monitor is based on the Startup Europe Partnership mapping & scouting database that focuses on scaleups. SEP categorizes high-tech companies as indicated below:

Startup: <\$0.5M/1M funding raised in the last three-year period or bootstrapped companies with revenue in this range.

Scaleup: \$0.5M/1M - \$100M funding raised in the last three-year period or bootstrapped companies with revenue in this range.

Scaler: >\$100M funding raised in the last three-year period or bootstrapped companies with revenue in this range.

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. Startup Europe Partnership (SEP) welcomes everybody in the European startup ecosystem to contribute to the research by providing data and indicating cases of scaleup companies and exits to be monitored (contact info: info@startupeuropepartnership.eu).

SEP Corporate Members



SEP is a Startup Europe Initiative

