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# **The US**: Promised land or graveyard for fast growing European tech companies?

30 January 2018

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# Introduction

Shawn Atkinson, Orrick

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# The US: Promised land or graveyard for fast growing European tech companies?

Jean-Michel Deligny

## Data points on US acquirers and US investors in European tech companies

30th January 2018

# Table of contents



# I. Silverpeak overview

Silverpeak advise innovative, fast growing technology companies on M&A and growth financing transactions

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**9** partners

**360+** deals


**2/3** M&A
**1/3** Growth Financing

**150 years** experience

**45+** Strong team

**Global reach** from offices in London, Paris Milan, Hamburg, Munich, Berlin

Technology sector specialist

Truly international DNA and global relationships

Seniority of partners

# Proven ability to reach a global audience

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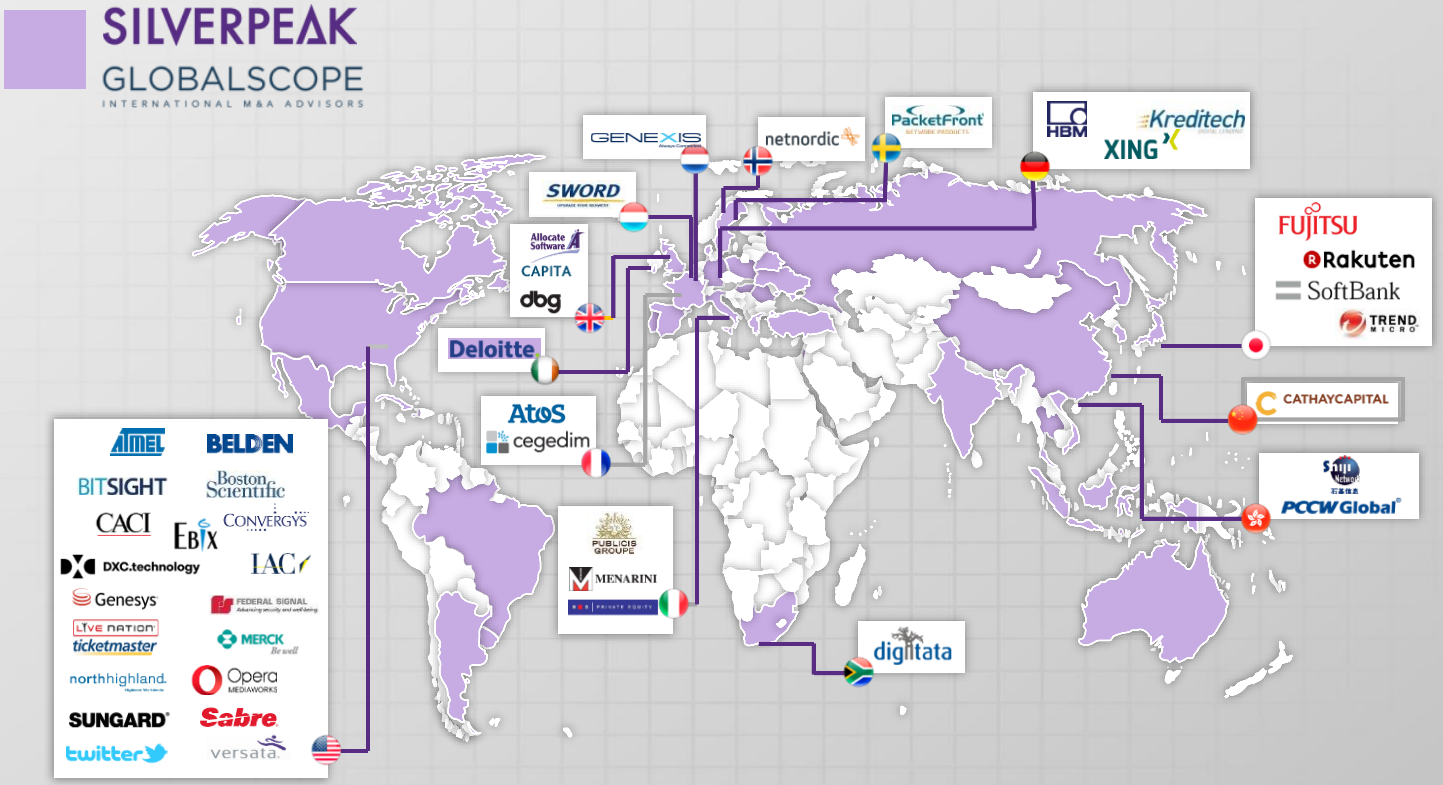




LONDON | PARIS | MILAN | HAMBURG | MUNICH | BERLIN

# Selected recent mandates

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US / LUXEMBOURG

MARLIN EQUITY PARTNERS

Investment in

talkwalker

Social media analytics & monitoring software

JANUARY 2018

GERMANY / GERMANY

GENUI PARTNERS

+ SUMMIT PARTNERS

Investment in

MARKETLOGIC

Cognitive insight platform

Advisor to Genui

MAY 2017

UK

ultrasoc

Silicon IP for post-silicon debugging

£5,000,000 equity funding by

ATLANTE VENTURES
OXFORD CAPITAL
octopusinvestments
ENSO

Advisor to UltraSoC

MAY 2017

UK / UK

Blackbay
Empowering Mobile Workers

Logistics software

Sold to

FP FRANCISCO PARTNERS
BLUJAY SOLUTIONS

Advisor to Blackbay

APRIL 2017

UK / US

VIRTUAL CLARITY

IT-as-a-Service (ITaaS) & cloud transformation consultancy

Investment by

DXC.technology

Advisor to Virtual Clarity

FEBRUARY 2017

UK / US

H. I. G. CAPITAL

Acquired with the support of management

XTERA

Optical communications solutions (NASDAQ: XCOM)

Exclusive financial advisor to H.I.G. Capital & management

FEBRUARY 2017

UK / US

silverlining solutions

Employee performance optimisation software

Sold to

Genesys

Advisor to Silver Lining Solutions

FEBRUARY 2017

UK / US

TPG

Investment in

AO HOSTEL
HOTEL AO

JANUARY 2017

# II. The US Dream

# Introduction – the US dream

| Reasons for going to the US | Relevant for most sectors | When is the right time? |
| --- | --- | --- |
| ▪ Market – often larger<br>▪ Financing opportunities<br>▪ Exit opportunities – IPO and acquirers | ▪ A must: Software<br>▪ The least pressure: internet companies | Common wisdom (after you've done Europe)<br>**vs.**<br>New wave (ASAP) |

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# III. How important are US buyers?

# Evolution of the total number of acquisitions of European Software companies

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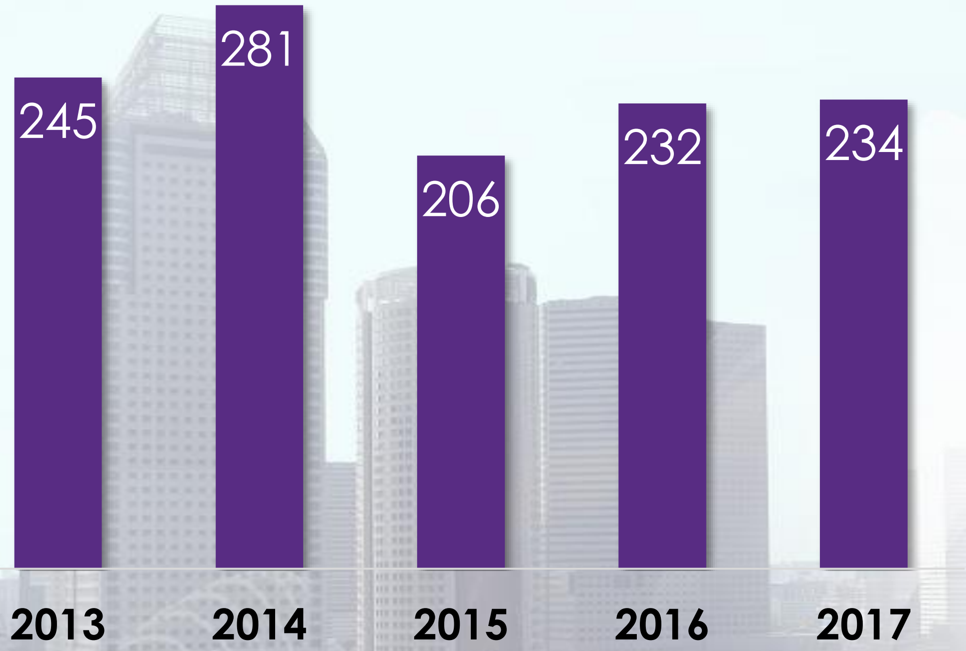


*source: CapitalIQ, Silverpeak analysis*

# Origin of acquirers of European software companies

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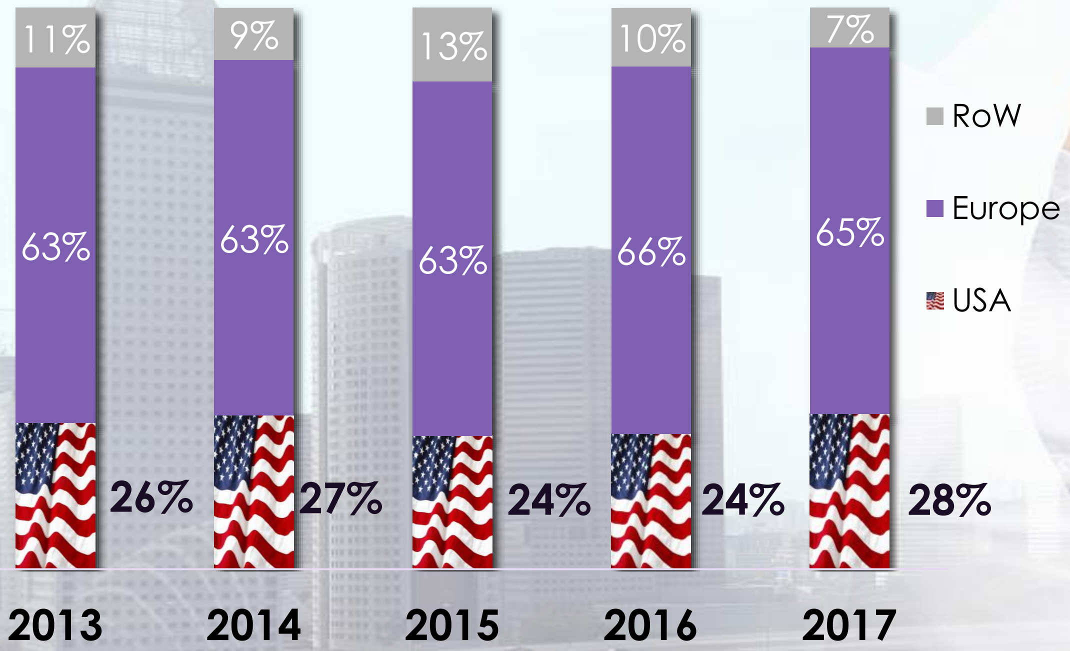
## All deals / by number of transactions




*Source: CapitalIQ, Pitchbook, Silverpeak analysis*

# Origin of acquirers of European software companies

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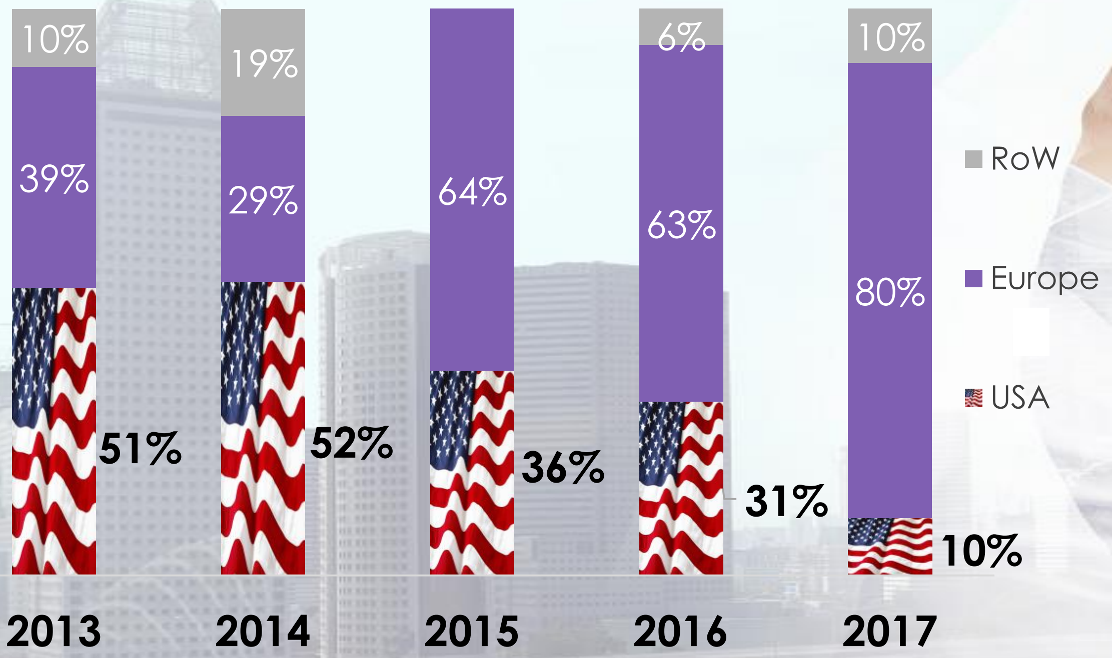
Deals >= $50m / by value of transactions




*Source: CapitalIQ, Pitchbook, Silverpeak analysis*



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# Most active strategic US buyers of European software businesses

## Number of acquisitions since 2013

- 8: Trimble
- 6: efi
- 5: Alphabet, Apple, AUTODESK, Microsoft, SYNOPSYS
- 4: CHYRONHEGO, facebook, IBM, syncsort
- 3: CISCO, Trapeze, Verisk Analytics, verizon

Source: CapitalIQ, Silverpeak analysis

# Most active strategic European buyers of European software businesses

## Number of acquisitions since 2013

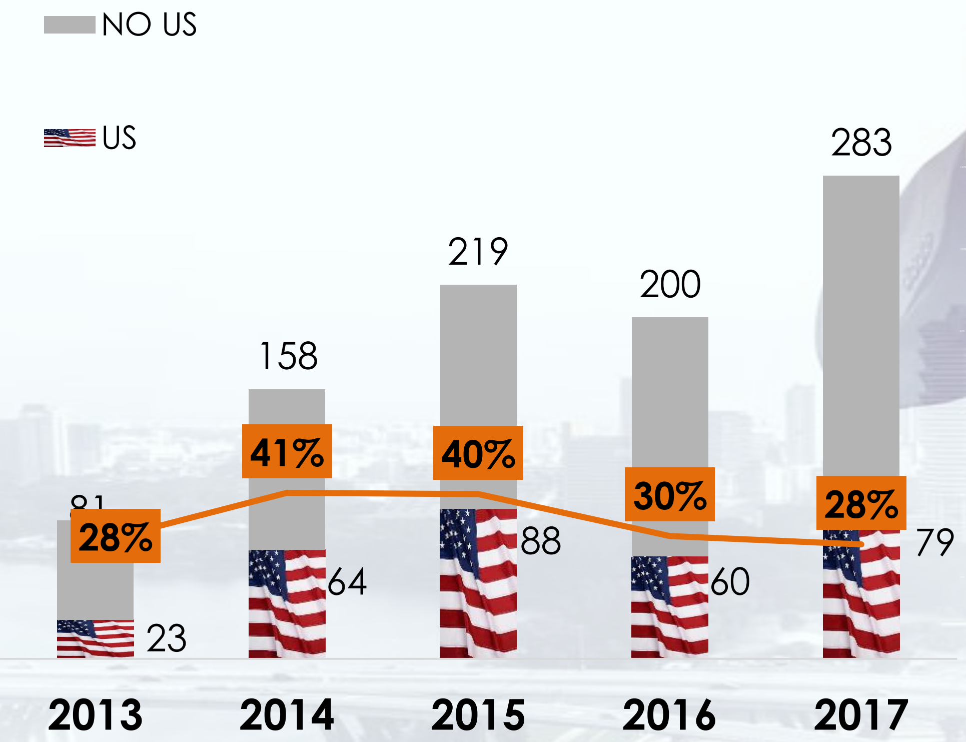
| | |
|---|---|
| 8 | Addnode Group |
| 7 | Hexagon |
| 6 | Dassault Systèmes, Equiniti Group, Siemens |
| 5 | Access, Econocom, Sopra Steria |
| 4 | Allgeier, Ideagen, Keylane, Schneider Electric, Wolters Kluwer, WPP |

*Source: CapitalIQ, Silverpeak analysis*

# IV. How relevant are US investors in Europe?

# Evolution of number of European tech fundraisings involving a US investor

Period: 2013-2017, deal value: ≥ €10m

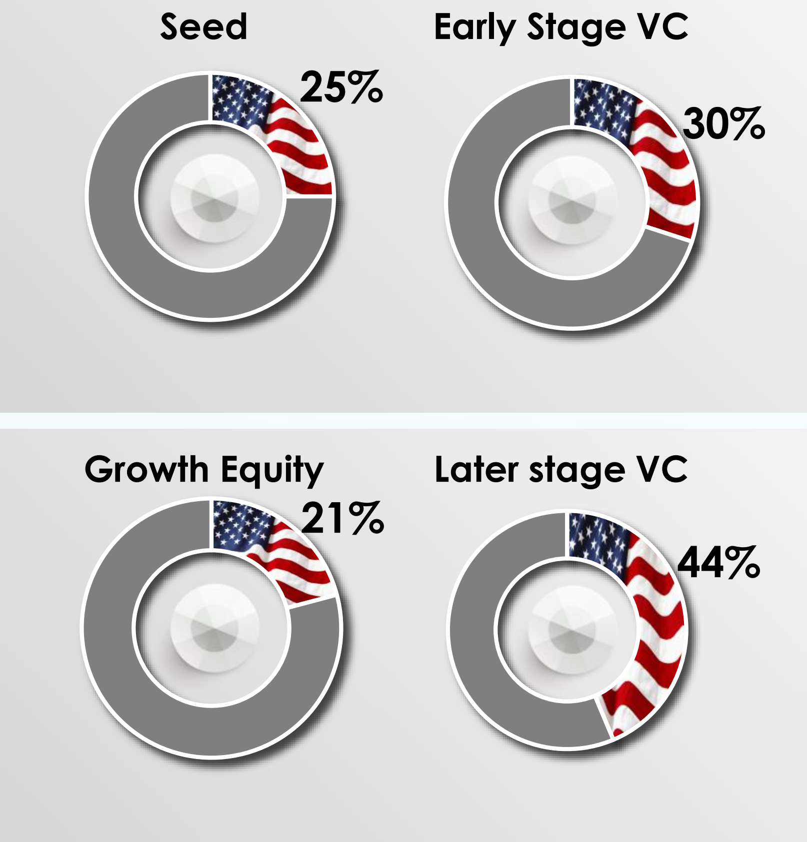



Source: CapitalIQ, Pitchbook, Silverpeak Analysis

# Percentage of deals with US investors across rounds



Period: 2013-2017, number of transactions




*Source: Pitchbook, Silverpeak Analysis*

# US investors that have done the most deals in European tech companies

Period: 2013-2017, deal value: ≥ €10m


9
QUALCOMM VENTURES
SUMMIT PARTNERS

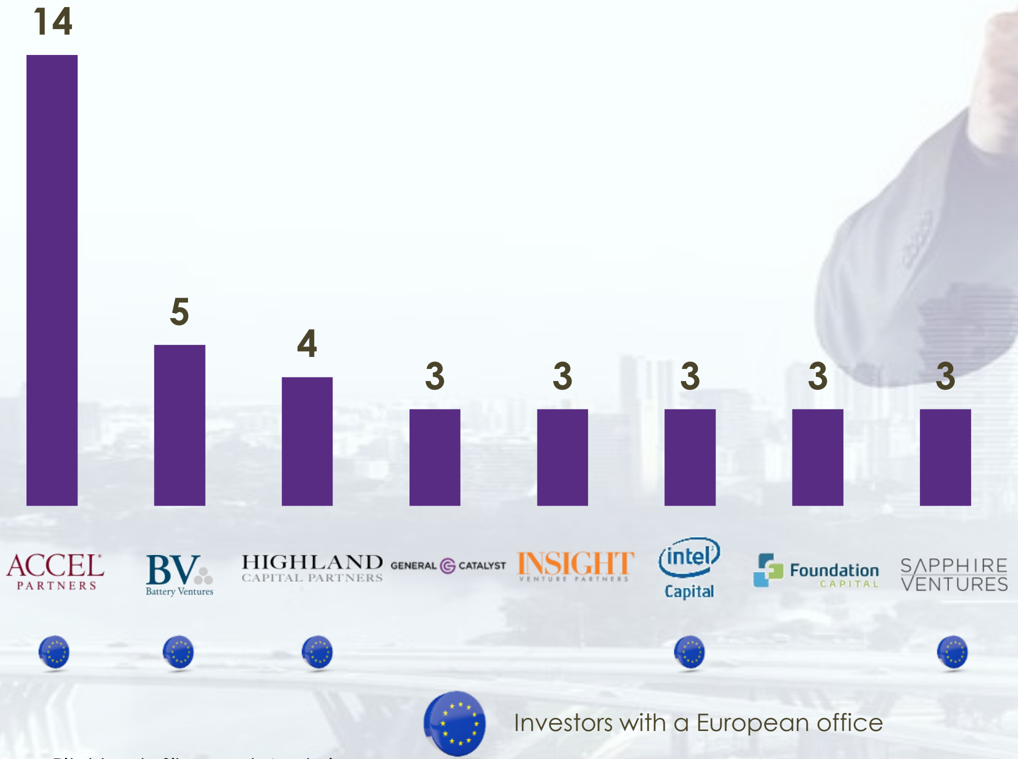
8
BESSEMER VENTURE PARTNERS
NEA
salesforce ventures
USV Union Square Ventures

7
Foundation CAPITAL
G/
KPCB
KKR
SAPPHIRE VENTURES
TA VENTURES
VALAR

*Source: Pitchbook, Silverpeak analysis*

# Ranking of US investors by number of funding rounds of European tech companies they participated in

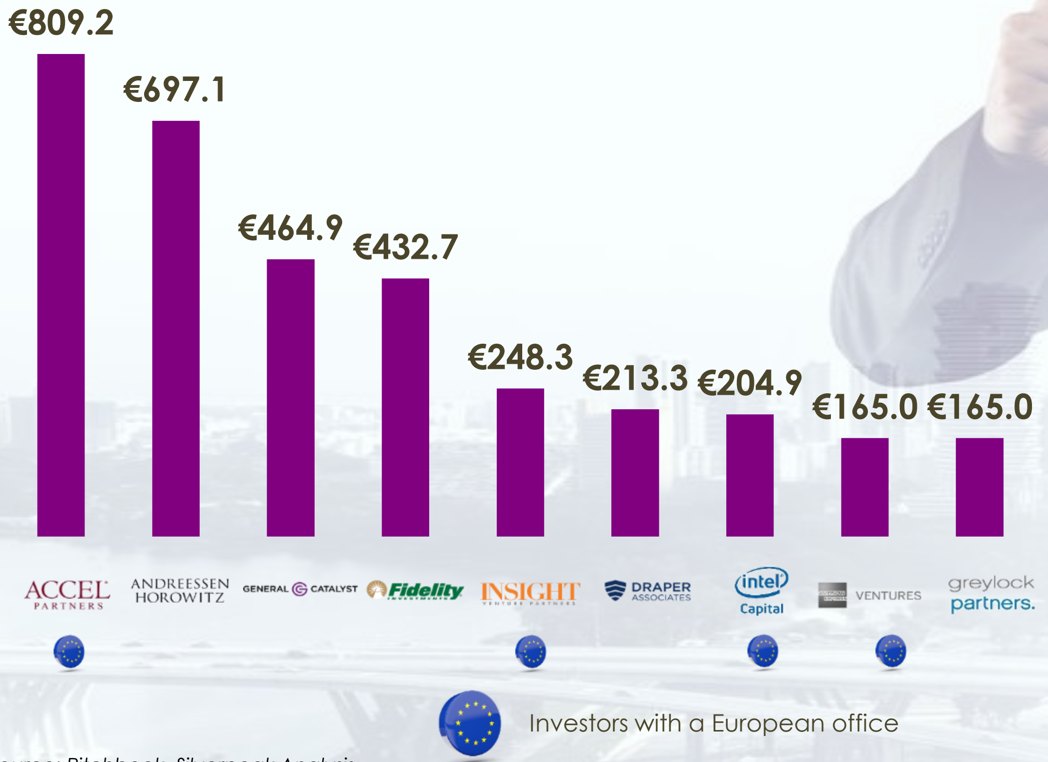
Period: 2017, deal value: ≥ €10m




*Source: Pitchbook, Silverpeak Analysis*

# Ranking of US investors by aggregate value of funding rounds of European tech companies they participated in

Period: 2017, deal value: ≥ €10m




*Source: Pitchbook, Silverpeak Analysis*

# Ranking of European VCs that have co-invested the most with US investors

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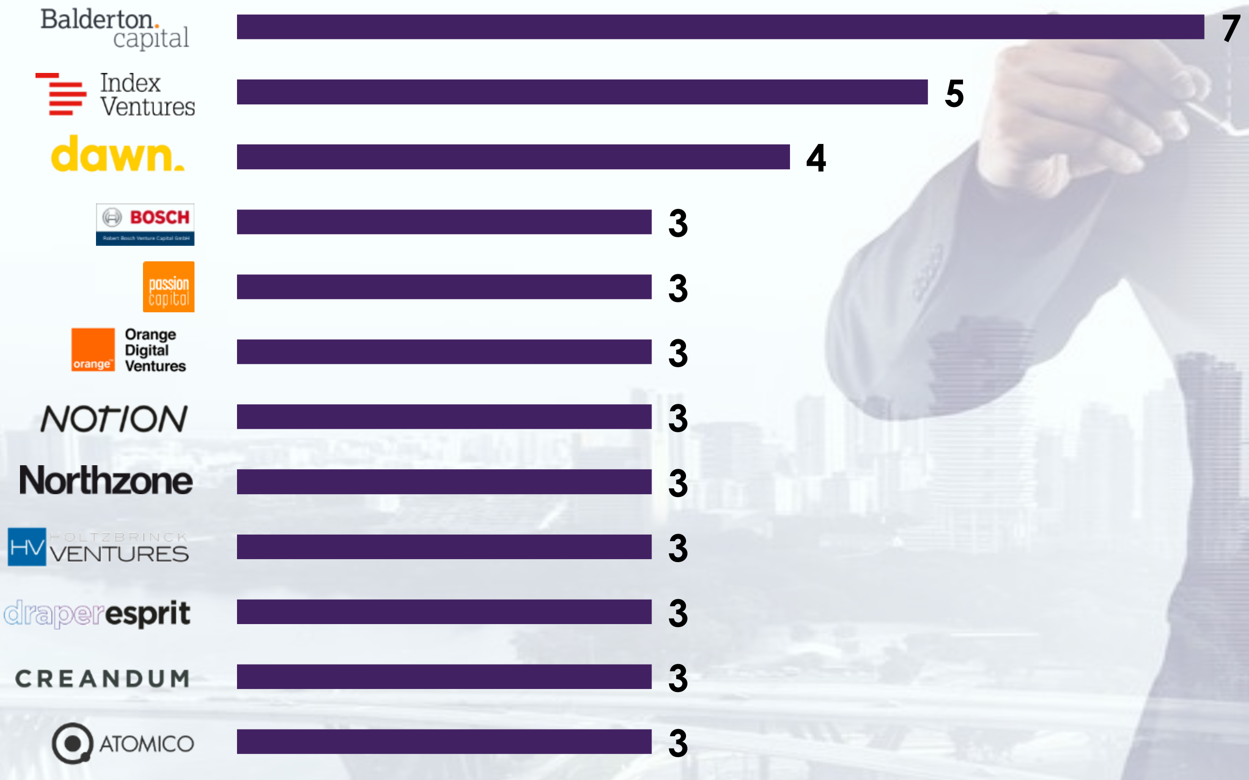
Period: 2017, deal value: ≥ €10m




*Source: Pitchbook, Silverpeak Analysis*

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# Thank you.

**Silverpeak LLP**
17 Hanover Square
London W1S 1BN
United Kingdom
**www.silverpeakib.com**

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# My Exit Experience

Julien Signes

# Envivio

## French Tech makes it to the West Coast

JULIEN SIGNES

# The Envivio Story

- Started as a R&D project in Orange in 1996
- Moved to the West Coast in 1998
- Spinoff Envivio in 2000 with R&D in Rennes
- Raised $100m of private equity
- Raised $50m in NASDAQ IPO in 2012
- Sold company to Ericsson in 2015
- Today: Advisor at Atlantic Bridge & startups

# Why the US?

- The US market represents up to 50% of the global market in some sectors
- ~50%+ of M&A $$$ comes from the US in tech
- Most large acquirers are on the West Coast
- Access to Venture Capital
  - US is 3x the # rounds and 6x the $ invested compared to EU

# US Challenges

- US is expensive!
  - Especially NY & West Coast
- Attracting talent is challenging for an unknown EU startup
- Raising US money is challenging for a EU CEO
- HR is very different
- Employee volatility is very high

# Some Dos’

- Commit a founder or senior EU resource(s) to the US
- Hire a top quality Sales/BD executive
- Find a local or EU bridge VC
- Partner with your most likely acquirers
- Test the market first, invest progressively, be patient!

# Some Donts’

- Invest too early with no plan
- Experiment with large US customers
- Hire a mediocre local resource – better with your own remote resources
- Retract too early, it will take time!

# Fundraising Plan

- A US office can easily cost > $1m/year + $etup fees
- US office may take 18+ months to be productive
- A minimum of $2-3m for US expansion is required
  - Raise from local US VC is difficult
  - Raise from US VC in Europe (Index, Balderton..) is elitist
  - Raise from a European VC is possible but rarely helps
  - Some EU funds are truly global and can help the "Bridge"

# A possible plan

1. Have revenue and large customers in EU
2. Send founder and/or CEO to key US customers
3. Close first deal. Succeed
4. Make a go to market plan
5. Raise (in the US or Bridge)/Have money (more than you think!)
6. Hire local resources, mixed with your own

# In Conclusion..

- You can’t ignore the US: Go!
- There is no one size fits all!
- Raise money before you go
- Make a solid market plan
- Hire local quality resource(s) and bring your own
- Be patient and relentless!

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# My Exit Experience
Dr. Mark Smith


EXIT
AND LEAVE!

# That's all Folks!

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# PANEL DISCUSSION

**Alliott Cole**
Octopus Ventures

**Laurence Garrett**
Highland Europe

**Vladimir Lasocki**
The Carlyle Group

**Moderator**
**Paddy McGwire**
Silverpeak