

Europe can create scale-ups, as shown by new list of Europe's high growth 50 tech companies

Posted on March 28, 2016 by admin |

The Tech Tour 2016 Growth 50 Companies



It is often quoted that the European innovation and entrepreneur ecosystem is unable to create startup companies that can scale-up significantly in the same way that the US is able to. However, as the recent [Tech Tour Growth 50](#) (TTG50) index illustrates, Europe *is* able to build tech companies at scale, but they just don't get the same attention as US counterparts.

Over the past few months, [Tech Tour](#), a European tech entrepreneur and investor platform, together with [Silverpeak Investment Bank](#) and in conjunction with a selection committee of international investors researched and evaluated over 175 European private tech companies at a sub-one billion US dollar valuation.

It found that in 2015, approximately 100 European companies raised financing rounds of more than €20 million, nearly twice as many as the year before. This amounts to over €6 billion invested in the European tech market for scale-ups alone (excluding life sciences companies) representing 70 percent of the total venture and growth market. More strikingly growth funds, private equity players, public market institutional investors and family offices accounted for the majority of the activity, bringing extra financing in addition to the traditional large venture and corporate funds.

The list puts the next layer of Europe's high-tech, high-growth businesses in the limelight. Companies in the [Tech Tour Growth 50](#) list have created over 8,000 high-tech jobs, attracted over \$3.5 billion of investment and have an estimated combined valuation of \$14.2 billion. The Tech Tour organizers say that this is a clear demonstration of Europe's strength, potential and competitiveness in scaling-up tech businesses.

The composition of the list has changed significantly from 2015 where almost 50 percent of the companies were defined as 'B2C eCommerce'. This year that broad category only applies to just over

30 percent of the companies. Perhaps unsurprisingly fintech companies, like in 2015, make a strong showing across both B2B and B2C sectors accounting for almost 20 percent of companies. B2B sectors cover manufacturing, software applications, security and the Internet of Things.

A common thread linking all the 50 companies listed is their stellar growth rate, taking financing size and speed as a proxy for growth. From a median foundation date of 2008, companies took on average just 1 year and ten months to achieve their first funding round at an average amount of \$7.5 million, and hit their most recent funding round (average of 4 funding rounds in total) in 4 years 2 months after the first funding round at an average of \$38.5 million. The pace of growth picked up considerably as companies matured with an average of just 16 months between later funding rounds.

Jean-Michel Deligny, managing partner, Silverpeak Investment Banking explained, “We combined the quantitative rigour of using multiple data sources for valuation, sales growth and financing with the qualitative insight of a selection committee of leading investors and advisers. As our remit is to look below the tip of the iceberg, this year we excluded European unicorns [companies valued at a billion dollars] and gave the selection committee more flexibility to nominate companies based on innovation, pedigree and past awards won. Given the quality of the selection committee and the rigour of the process The Tech Tour Growth 50 is fast becoming the reference tool for all those interested in up and coming European tech companies which so far have not had the exposure they warrant.”

Key statistics of the Tech Tour Growth 50 (TTG50) 2016

Growth Rates (figures in brackets are for Tech Tour Growth 50 2015)

- 90% of the TTG50 companies were founded in the last 10 years (75%).
- The median year of company foundation is 2008 (2007)
- The average time from company foundation to first funding round is 1 year and 10 months (3 years 6 months)
- 66% of the 50 companies have at least one US investor (94%)
- The TTG50 have over 2.5 million followers on Twitter

Selection for the Tech Tour Growth 50 list is based on the its own database, publicly available data, proprietary insight from Silverpeak Investment Banking and the [Go4Venture platform](#), from a long-list of 151 European companies that met three of the four criteria below:

- >€10mn in revenue
- >€20mn in total funding
- >€100mn valuation <€1billion valuation
- >min revenue growth pa on average over the last 3 years (Dec 31st 2012 to Dec 31st 2015) of 80% for companies with €10-30mn in revenues or 50% for companies with €30-100mn in revenues

Jean-Michel Deligny added, “The good news is that European tech is producing an ever greater number of scale-ups. This makes the task of the committee every year more challenging, especially as we tried not to have just internet and software companies (nearly 90 percent of the market for larger rounds) but also hardware, healthtech, telecom and cleantech companies from across Europe.”