

# **BOLSTERING THE RISE AND DEVELOPMENT OF GLOBAL TECH CHAMPIONS**

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# FOREWORD BY **BRUNO LE MAIRE AND CÉDRIC O**

**Minister for the Economy and Finance – Minister of State for the Digital Sector**



« French Tech is one of the world's most vibrant technology ecosystems. At President Macron and the Prime Minister's initiative, France is offering a growth-friendly environment for innovative companies. Our challenge is now to increase the momentum, to help bring through several dozen global technology leaders. This is of crucial importance for our economy and our jobs.

Firstly, as regards employment, the tech sector is directly and indirectly responsible for more than a third of the jobs currently being created in the United States. In France, it will represent more than 25 000 direct jobs in the next 12 months. To achieve similar results in France, for the benefit of the whole country, we must therefore provide unwavering support to our future tech champions.



The emergence of French technology leaders is also crucial in terms of sovereignty at both the French and European levels, to enable us to remain in control of our destiny and ensure our prosperity. It is also vital if we are to maintain our social model, in a world where standards are set by the leaders.

Unprecedented support from institutional investors from France and abroad will help finance our fast-growing companies, bringing through French Tech's future champions.

At the same time, the French government is introducing specific support for French start-ups via the Next40 and French Tech 120 programmes. The companies selected will benefit from greater visibility, dedicated services and support from a network of correspondents in numerous government departments and agencies all across France.

Finally, as part of President Macron's "Pacte productif 2025" to boost employment and manufacturing, we have also started work on meeting our start-ups' recruitment needs.

The government is fully committed to this strategy, and has adopted a strong, ambitious plan of action to help France succeed in being the 1st ecosystem in Europe — in line with its industrial and scientific history — to assert itself as one of the leading powers in the "fourth industrial revolution".

That is our ambition, for the good of the French people. »

# INTRODUCTION

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French Tech now has seven unicorns (BlaBlaCar, Deezer, Doctolib, Ivalua, Meero, OVH and Veepee) as opposed to only three in 2018, but there remains a lot of room for growth. Amounts raised by startups have doubled between 2015 (€1.8 billion) and 2018 (€3.6 billion). It should be more than €5 billion this year. However, France is still only the second-largest ecosystem in Europe trailing after the United Kingdom, although ahead of Germany. The European Union itself continues to lag behind its US and Chinese counterparts. For this reason, the French government has set a target of having more than 25 unicorns to strengthen France's position in Europe and to help it assert itself on the international stage.

In order to achieve this target, overcoming the restrictive factors that hinder the growth of French startups is a priority. These hurdles have to do mainly with funding, the regulatory and administrative environment and recruitment.

## 4 KEY POINTS

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### 1. UNPRECEDENTED FUNDING FROM PRIVATE INSTITUTIONAL INVESTORS FROM BOTH FRANCE AND ABROAD TO FUND THE FINAL STAGES OF BUSINESS DEVELOPMENT

The government will continue to address funding issues experienced by companies with regard to IPOs and late-stage funding rounds month.

- On the evening of Sept 17, President Macron will announce that **€5 billion of French investment, contributed by institutional investors**, will be allocated to funding innovative companies in the next three years: €2 billion will be invested in France-based venture capital funds focusing on late-stage investments. €3 billion in « global tech » funds, focused on tech listed companies, managed actively by France-based asset managers.
- On the 17th and 18th of September, President Macron will be hosting the world's leading investors for the second edition of the "Scale-Up Tour" with the aim of **attracting foreign capital for growth-stage startups and encouraging institutional investors to invest in French venture capital funds**. The goal is to encourage venture capital funds to take part in late-stage fundraising by startups and encourage institutional investors to invest in French venture capital funds.

### 2. A SPECIAL GOVERNMENT PROGRAM TAILOR-MADE TO BOOST OUR FUTURE TECH CHAMPIONS

The French government has designed a new programme designed for the specific needs of our fastest growing scale-ups.

Qualifying companies fall into two groups:



**The Next40**, a selection of 40 French startups that have huge potential and the ambition of rapidly becoming world-class technology leaders. These companies, which have their head offices in France and have not yet undergone a trade sale or floated on the stock market, have been selected on the basis of economic performance criteria, namely:

- Those that have carried out the largest fundraising rounds in the last three years;
- Those with revenue of more than €5 million in 2018 and an average annual growth rate of at least 30% in the last three years;

French unicorns, non listed innovative companies valued more than 1 Billion \$, alongside with all the startups that raised more than 100m€ in a single round, are automatically incorporated in the selection.

## Next40: Key Figures

**Growth  
in employee numbers**  
in the last 12 months:

▶ **+30%**

**Median growth**  
in the last three years:

▶ **158%**

**Number of start-ups  
with at least  
one foreign shareholder:**

**32** ◀

> The official list will be unveiled on the evening of September 18, 2019

The French Tech 120, which comprises the Next40 along with 80 other high-potential companies selected on a similar basis.

> The official list will be unveiled in January 2020

### 3. AN EXTENSIVE NETWORK OF GOVERNMENT STARTUP CORRESPONDENTS TO CREATE A REGULATORY AND ADMINISTRATIVE ENVIRONMENT THAT HELPS COMPANIES GROW<sup>1</sup>

To coordinate pro-startup policy nationwide, the French government has officially appointed French Tech Government Correspondents across multiple ministries, government agencies, and regulatory bodies. The role of these correspondents is to:

- Propose special services and respond to requests to meet the needs of the selected French Tech 120 companies;
- Take part in identifying regulatory or legislative changes that could bolster these companies' growth;

<sup>1</sup> See Appendix 2: Members of the French Tech Government Correspondents Program

- Participate in regional branches of French Tech Central, currently a Paris-based hub, and offer a variety of programmes and services made to meet the needs of entrepreneurs;
- Simplify doing business with their respective organizations through expedited procurement processes.

#### **4. FLAGSHIP INITIATIVES TO EXPAND THE TALENT POOL AVAILABLE TO OUR STARTUPS**

Hiring is considered to be one of the greatest bottlenecks for growth. In 2019, the following measures were launched to help France compete globally:

- The complete overhaul of the French Tech Visa for Employees, an expedited process allowing startups to hire talent from abroad. Unlike other visa frameworks, it grants access to a 4-year resident permit, has no diploma requirements, no sponsorship fees and no quotas. This new visa was launched in March 2019 and 400+ companies have already shown interest in this process;
- French Tech Tremplin, a €15 million programme designed to help potential entrepreneurs from under-represented communities overcome socio-economic barriers to launch their startups. Applications opened in July 2019 in 12 French cities;
- France's Business Growth and Transformation Action Plan (PACTE) Act contains policy measures making it easier for researchers to launch and participate in startups. This was enacted in May 2019;
- Policies intended to boost the participation of women in French Tech and financial support for organizations that uphold these issues. 2019 Tech4Good Summit attendees, for example, have committed to increasing the number of women in management positions to 30% by 2022 and French Tech Mission's policies now require 35% of speakers to be women in all the events that they sponsor.

# APPENDIX 1: THE NEXT40'S MEMBERS

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**Alan**  
SaaS Health Insurance.



**BackMarket**  
Refurbished products marketplace



**Believe**  
Solutions for music and video artists



**BioSerenity**  
Wearable health monitoring devices



**BlaBlaCar**  
Largest carpooling community worldwide



**Blade (Shadow)**  
Cloud-based gaming computers



**Cityscoot**  
Free-standing floating electric motor scooters



**Contentsquare**  
Digital experience optimization platform



**Deezer**  
Audio streaming platform



**Devialet**  
Premium audio devices



**Doctolib**  
HealthTech solution for appointments and teleconsultation



**EvanEOS**  
Customized travels marketplace

**FINALCAD**

**Finalcad**  
Digital transformation solution



**Frichti**  
Food delivery platform



**HomeExchange**  
Home exchanging platform for tourists



**HR Path**  
HR digital management



**iAdvize**  
Conversational AI platform



**Ivalua**  
Spend management



#### JobTeaser

Recruitment platform for students and graduates



#### Klaxoon

Collaborative apps suite



#### Ledger

Blockchain security expert



#### ManoMano

Gardening and DIY European marketplace



#### Meero

Online services for photographers



#### Mirakl

B2B marketplace solution



#### October

SMEs lending platform



#### OpenClassrooms

Education-to-employment online programs



#### OVH

Global cloud infrastructure provider



#### PayFit

HR and payroll management solution



**re!commerce**

Recommerce Solutions

Smartphone refurbishment and resale

 **sendinblue**

Sendinblue

Cloud-based customer relationship solution

 **sigfox**

Sigfox

IoT network solution

**Shift Technology**

Shift Technology

Insurance fraud AI detector

**TALENTSOFT**

Talentsoft

Cloud-based talent management platform

 **Vade Secure**  
Advanced Email Protection

Vade Secure

Email security expert

**Veepee** 

Veepee

Event-driven online sales

**Vestiaire Collective**

Vestiaire Collective

Second-hand fashion platform

**Voodoo**

Voodoo

Mobile gaming publisher

 **wynd**<sup>TM</sup>

Wynd

Corporate sales SaaS

 **Ynsect**

Ynsect

Premium insect farming

**younited** credit.

**Younited Credit**  
SMEs lending platform

# APPENDIX 2: MEMBERS OF THE FRENCH TECH GOVERNMENT CORRESPONDENTS PROGRAM

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## ADMINISTRATIONS:



General Directorate for Employment and Vocational Training  
(Ministry for Labour)  
General Directorate for Labour (Ministry for Labour)



General Directorate for Research and Innovation (Ministry  
for Higher Education, Research and Innovation)



General Directorate for Foreign Nationals in France (Ministry  
of the Interior)



General Directorate for Health Care (Ministry for Solidarity  
and Health)



Office for Sustainable Development (Ministry for the  
Ecological and Inclusive Transition)  
Ecological Transition Contracts (Ministry for the Ecological  
and Inclusive Transition)



Ministry for Europe and Foreign Affairs



Agency for Defence Innovation (Ministry for the Armed Forces)



Interministerial Directorate for Government Transformation (Prime Minister)



France Stratégie (Prime Minister)



Directorate General for Enterprise (Ministry for the Economy and Finance)



France Experimentation (Prime Minister)



Directorate General of the Treasury (Ministry for the Economy and Finance)



Public Procurement Department (Ministry for the Economy and Finance)



Directorate General for Competition Policy, Consumer Affairs and Fraud Control (Ministry for the Economy and Finance)



Business Relations Mediator (Ministry for the Economy and Finance)



Customs (Ministry for the Economy and Finance)



General Directorate for Public Finances (Ministry for the Economy and Finance)

## PUBLIC ESTABLISHMENTS AND AGENCIES:



ACOSS/URSSAF

Agency for social security organizations/ collecting social security payments



AFNOR

French national organization for standardization



ANFR

National Frequency Agency



APEC

Association for the employment of executive managers



Arcep

Independent agency in charge of regulating telecommunications



Banque de France

French Central bank



Bpifrance

French public investment bank



### Business France

Public agency in charge of promoting investments in France and French international trade

GROUPE



### Caisse des dépôts

Public financial institution in charge of long-term investments



### CCI France

Chamber of commerce and industry



### CNES

French national centre for space studies



### CNRS Innovation

National Center for Scientific Research subsidiary for R&D and innovation



### CNIL

French data protection authority



### GENCI

French national high performance computing organization



### INPI

National industrial property institute



### INRIA

National institute for research in computer science and automation



### Pôle emploi

National agency for employment

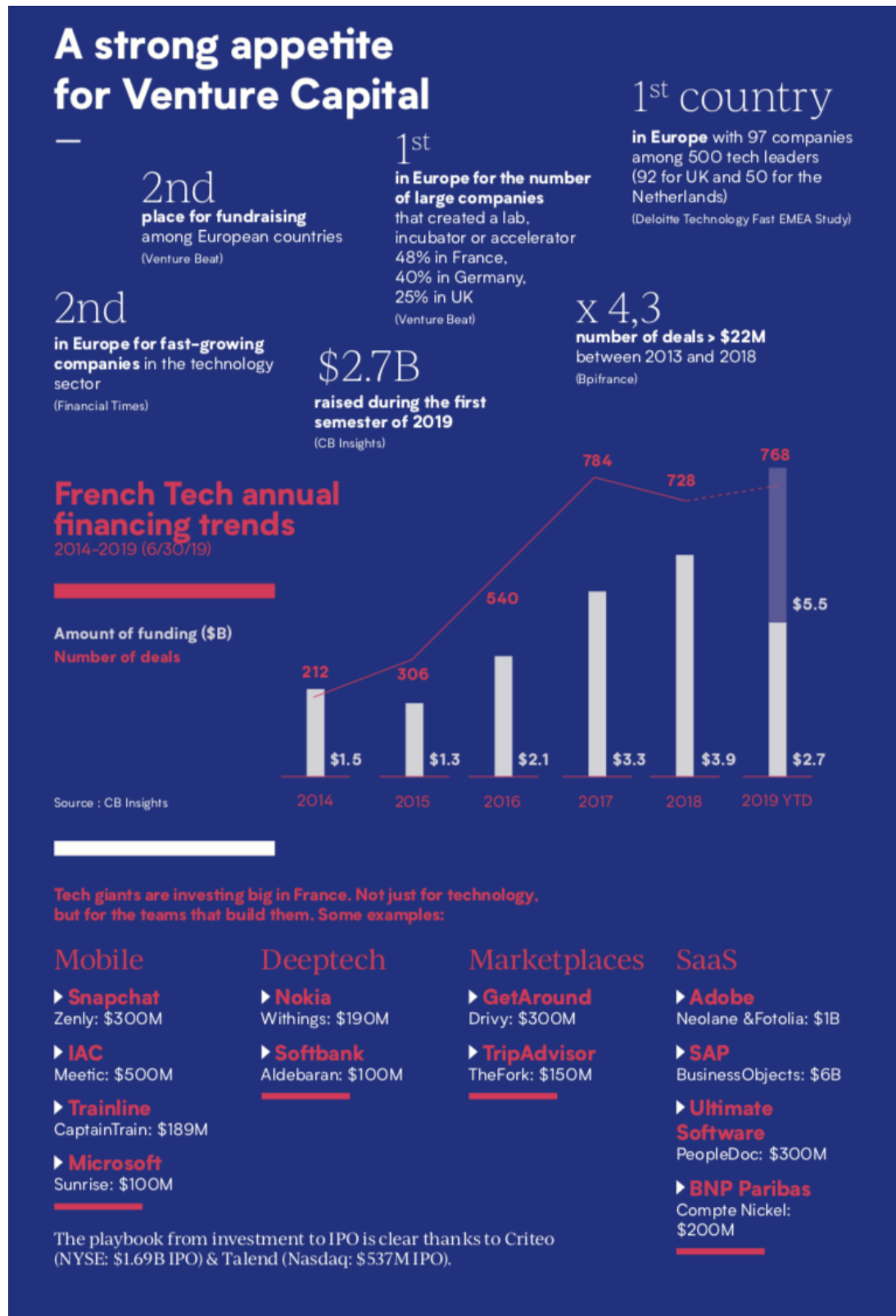


Radio France  
French public service radio broadcaster



UGAP  
French union of public purchasing groups

# APPENDIX 3: FACTS AND FIGURES ON FRENCH TECH IN 2019





## An unlimited pool of tech talent

Startups grow faster when they have access to a sustainable source of talent. France has **1 million engineers** and trains 50.000 more every year – that's what you get when you invest in STEM education. Additionally, half of our 70.000 PhD students are international.



2nd largest mathematics institution in the world



Leading engineering school

INSEAD

1st MBA program in Europe



1st Master in Management in Europe



1st tuition-free computer programming school

### Europe's AI Capital

France leads in field medals (per capital & total), so it's no surprise to find French innovators Luc Julia & Yann LeCun leading **Samsung** & **Facebook's** respective AI departments. Alongside **Google**, **Microsoft**, **Fujitsu** & **IBM**, they employ 1.000+ AI researchers in France.

### US startups put down roots

Unicorns like **Datadog**, **Symphony** & **Bird** are investing big in France already, hiring technical & operations talent that will allow them to stay competitive in Europe and grow worldwide.

## 7 innovations in how the government supports startups

- ▶ **The world's most open talent visa:** 4 years, no diploma, no fees & no quotas: the FrenchTech Visa enables hypergrowth startups to recruit global talent at hypergrowth speeds.
- ▶ **Labor reforms that mean business:** standardized severance caps, flexible company level bargaining and simplified contract termination.
- ▶ **€1.6 Billion public investment fund:** including €300M earmarked for deep tech, we're funding the next generation of startups.
- ▶ **30% deduction of R&D expenses:** the most favorable tax incentive among OECD members; setting up an engineering hub is a no-brainer.
- ▶ **3 major tax reforms for startups:** 30% capital gains tax, elimination of wealth & exit taxes, and a 25% corporate tax rate by 2022.
- ▶ **We're bullish on crypto:** we've created a comprehensive legal, tax and regulatory framework for ICOs.
- ▶ **Rolling out the red carpet:** our newly launched French Tech 120 program unlocks access to dedicated "startup correspondents" across key ministries & agencies to fast-track services, procurement & invitations to join the President on foreign visits.

## **PRESS CONTACT**

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