



dealroom.co

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NEW PALO ALTO

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I	C	1	O	R	D	D	1
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JUNE 2022

“ **Palo Alto isn't an American city, it's a global city.
It attracts global talent to build global businesses.** ”

“In Palo Alto you can be queueing for a coffee and the person in front of you will have just exited for \$500M. If you're looking for advice, it is everywhere.”

Thomas Hellmann

Oxford Said Business School
at LocalGlobe New Palo Alto event, 14th June 2022



- 1 Introducing New Palo Alto
- 2 Leader for European innovation
- 3 Facilitator of European Venture Capital
- 4 Becoming a global leader

The next global centre of innovation will thrive on technical excellence, social inclusion and international collaboration.



For 70 years, Palo Alto has been the cradle of innovation, built on a critical mass of individual entrepreneurial spirit.

China then showed that centralised attention can also breed centicorns, but at what social cost?

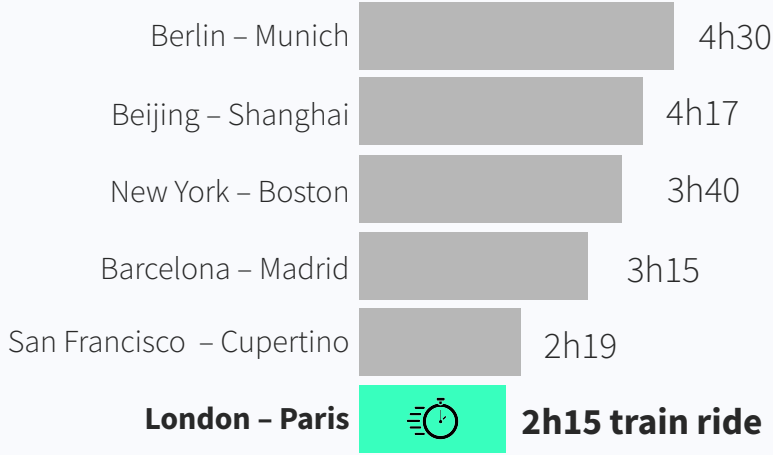
In the last decade, Europe has built a host of frontier tech hubs, and it also sits on strong fundamentals - leading research universities, a shared value system, engaged policymakers, embedded transport infrastructure and hungry talent.

Now it's time for Europe to compete at the next level - acknowledge the template from across the pond, and make it her own.

Some of the most iconic US cities take their names from European counterparts, from New York to New Orleans.

It's time for Europe to build New Palo Alto.

Paris and London: two of the closest connected tech hubs, one ecosystem.



Within a 4 hours rail trip to several other leading tech hubs: introducing New Palo Alto.

London

#1 tech hub in Europe

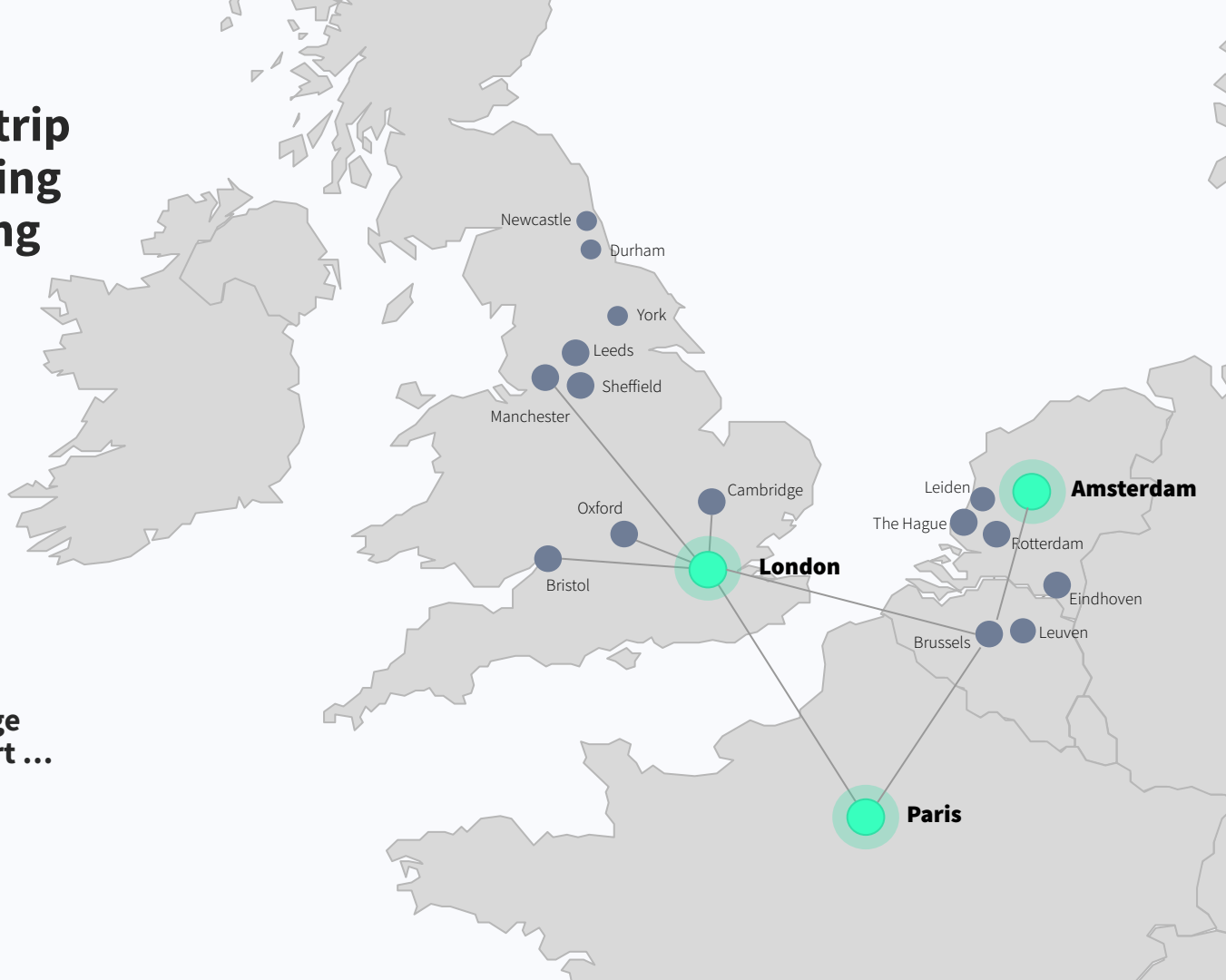
Paris

#3 city by unicorns and
#2 by future unicorns

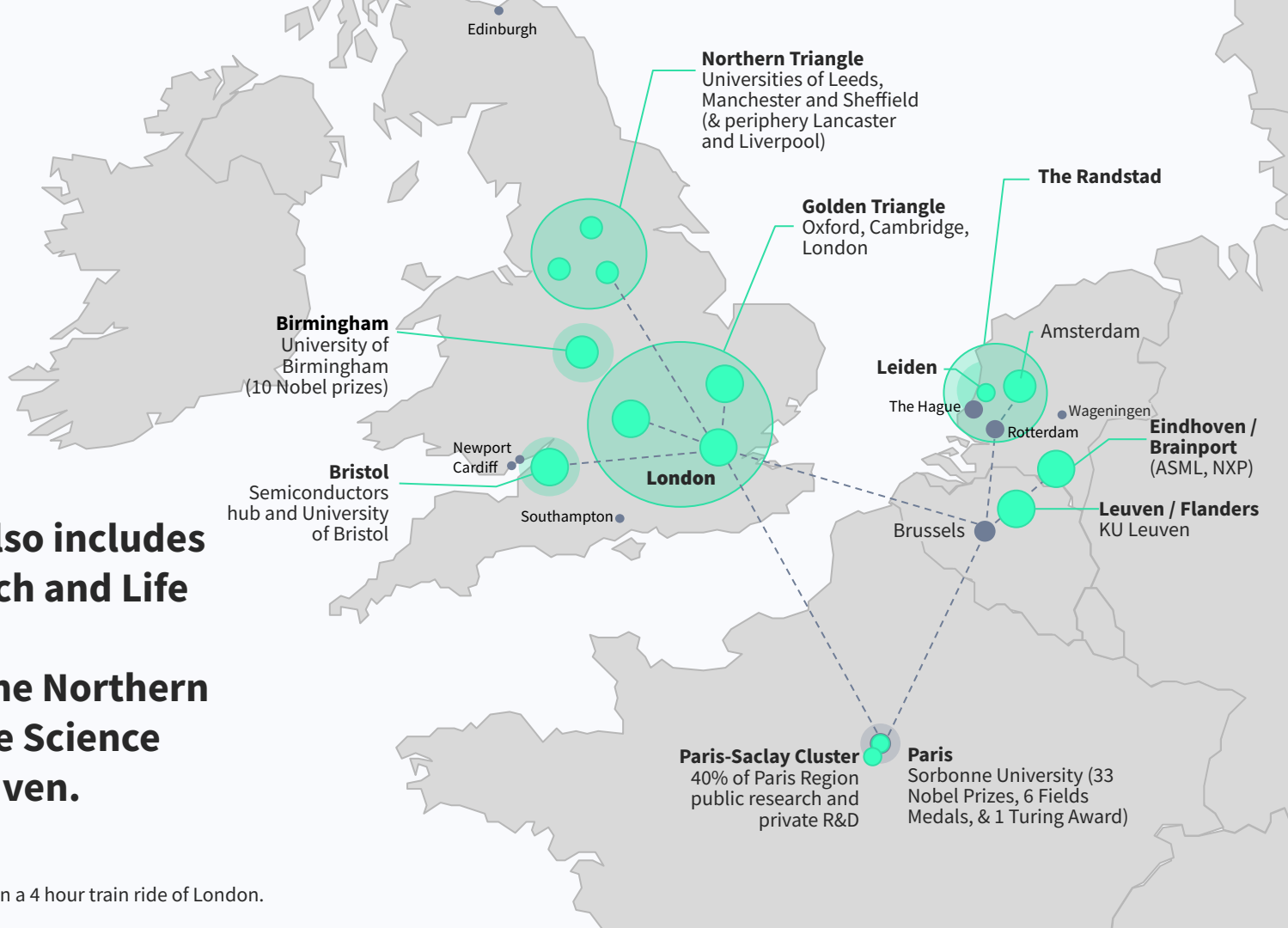
Amsterdam

#2 city by ecosystem value

**Plus: Bristol, Oxford, Cambridge
Manchester, Brussels, Brainport ...**



New Palo Alto also includes several Deep Tech and Life Science clusters like Oxbridge, the Northern Triangle and Life Science clusters like Leuven.



Does location still matter?

“ **In a world of zoom-based calls, our connection to corporate America became very anodyne. That was a big loss for efficiency and markets.**

"Innovation and creativity fall in a remote workforce. The last few months have been a wonderful sea change. Having everybody back together has been really powerful in driving forward our overall business."

Ken Griffin

CEO Citadel

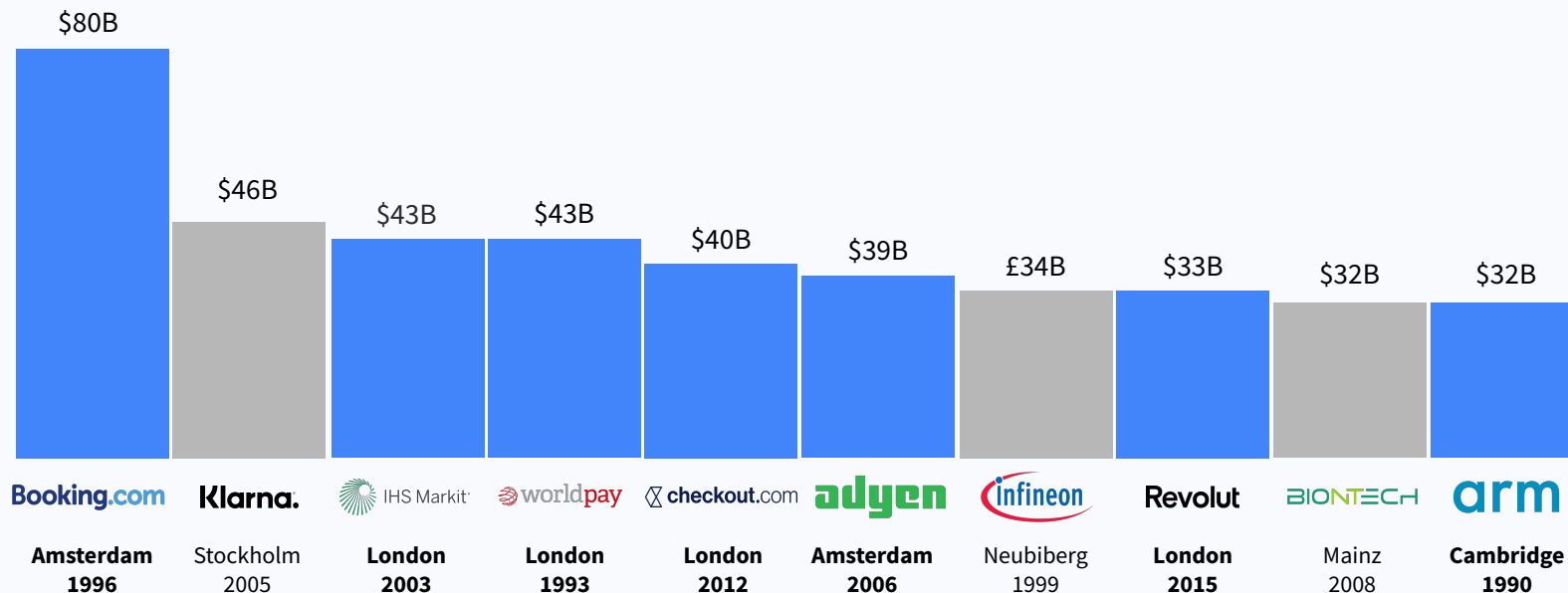
[Speaking to Bloomberg, 20th May 2022 »](#)



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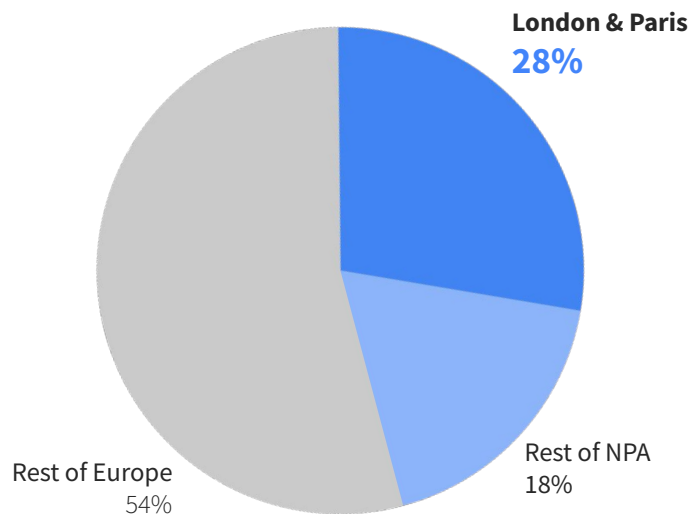
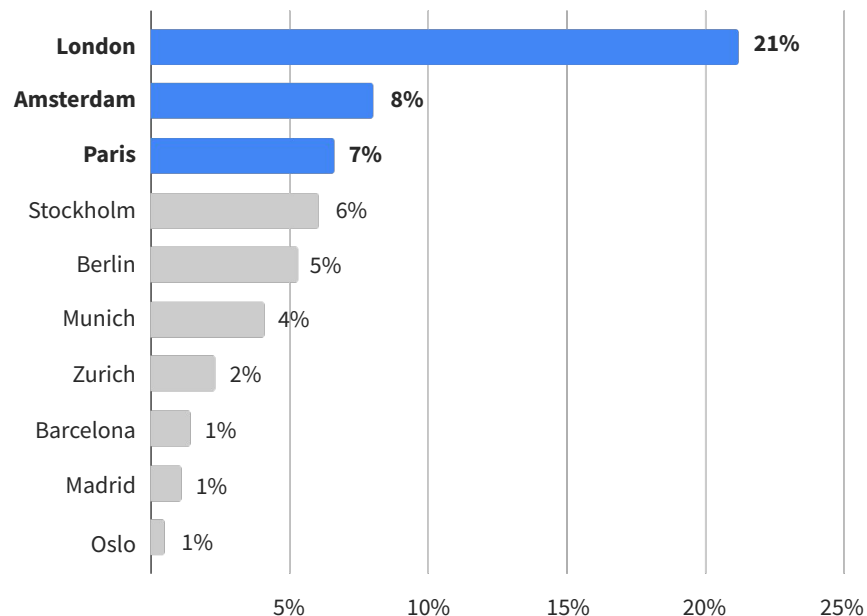
Seven of Europe's 10 most valuable tech companies founded after 1990 have been created from New Palo Alto.

Top 10 European tech companies by valuation



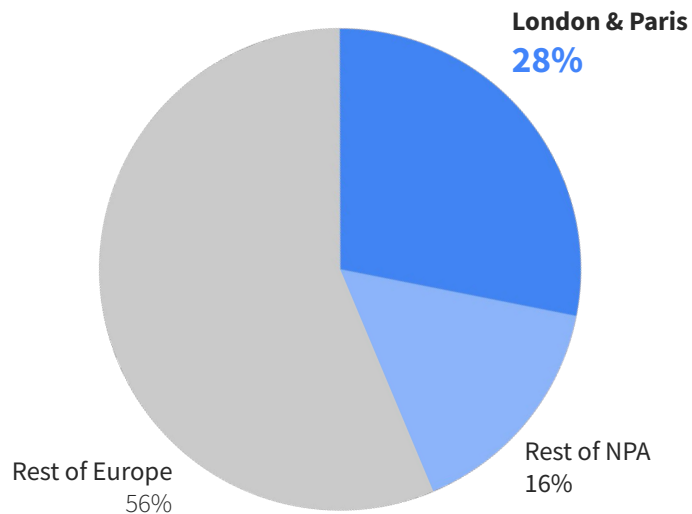
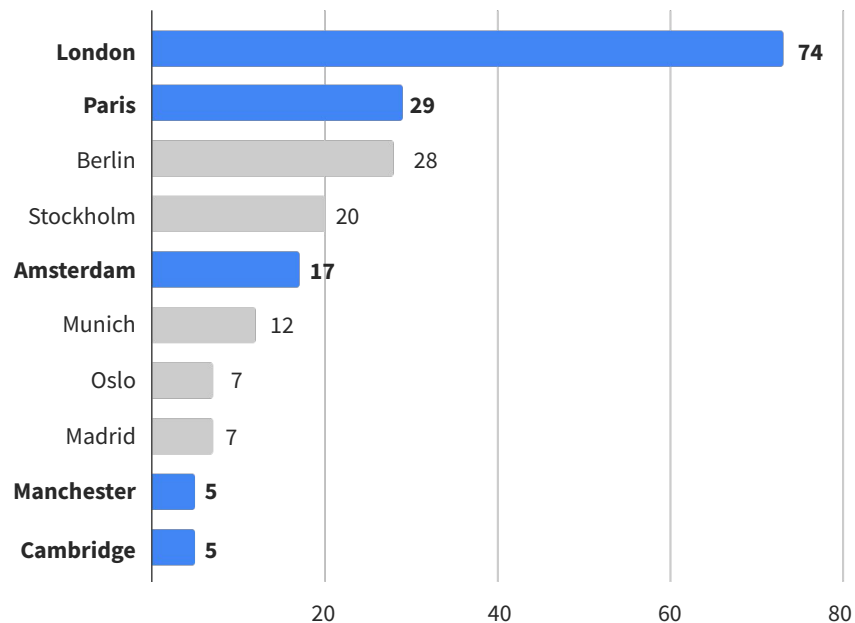
New Palo Alto represents 46% of startup enterprise value in Europe.

% of ecosystem value as of European total (Today)



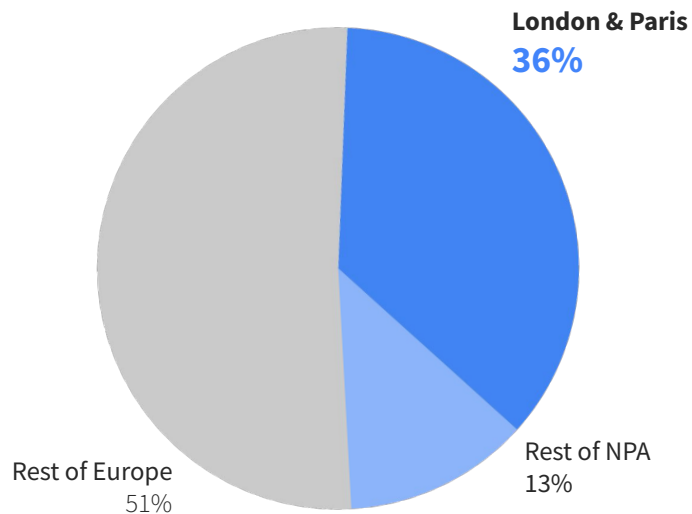
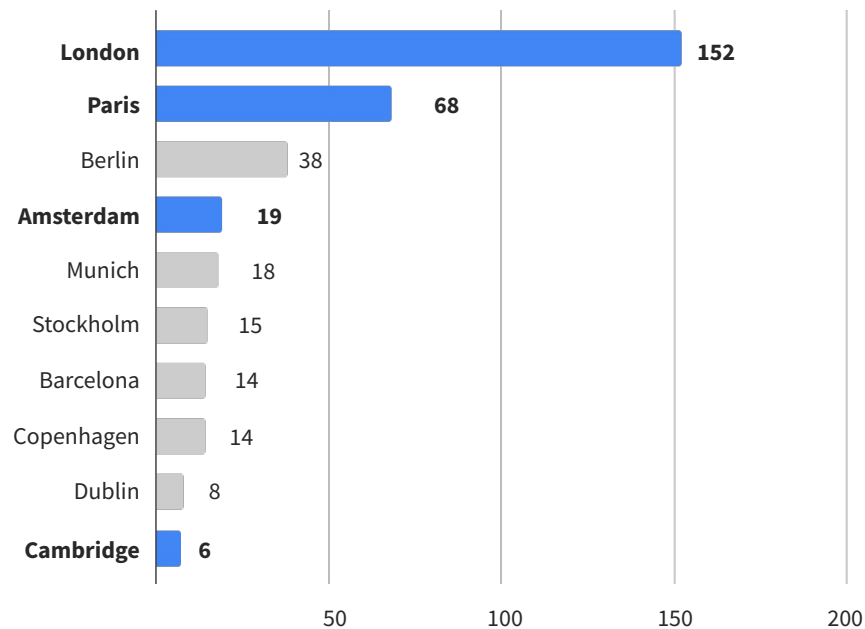
New Palo Alto is home to 44% of all unicorns in Europe.

New unicorns since 2014 by city



New Palo Alto is home to 49% of all future unicorns in Europe.

Future unicorns by city



New Palo Alto dominates by university spinouts ...

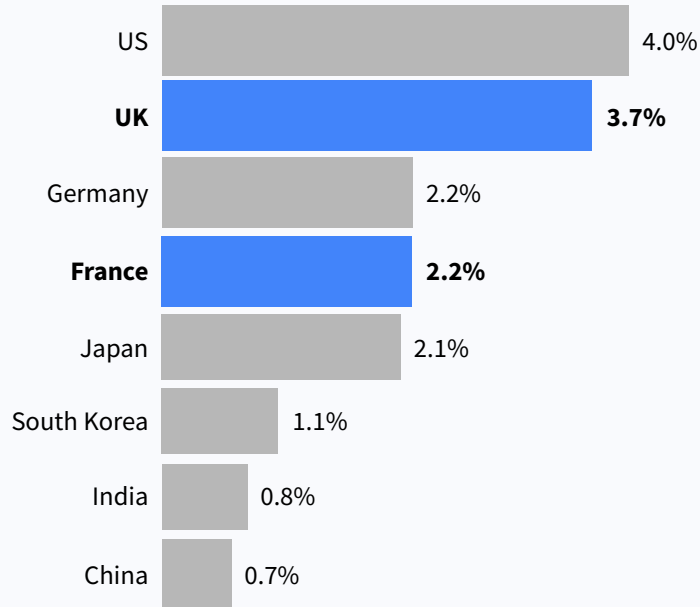
RANK	University / Research centre / Cluster	Alumni startups	VC invested since 2000	Number of rounds raised since 2000	Nr of unicorns	Nr of future unicorns	Nr of alumni startups that have raised a Series A	Nr alumni startups that have raised a Series B	Number of Series A rounds	Number of Series B rounds
#1	Golden triangle total	507	\$10.7B	1039	6	18	158	77	206	92
#2	University of Oxford	173	\$4.3B	369	2	8	60	27	79	34
#3	University of Cambridge	151	\$3.6B	365	2	5	58	32	73	38
#4	Eidgenössische Technische Hochschule Zürich (ETH Zurich)	437	\$3.4B	378	2	4	54	27	65	37
#5	University College London	78	\$1.6B	131	1	4	19	10	27	11
#6	Imperial College London	91	\$1.0B	160	1	1	18	7	23	8
#7	Technical University Munich (TUM)	21	\$2.9B	70	2	5	12	9	16	12
#8	Northern triangle total	99	\$0.6B	107	1	1	9	4	9	5
#9	Ghent University	92	\$0.4B	70	0	1	12	7	14	10
#10	École Polytechnique Fédérale de Lausanne	19	\$1.0B	86	3	3	6	3	7	3
#11	University of Bristol	50	\$0.4B	73	0	1	6	3	9	3
#12	Eindhoven University of Technology (TU/e)	41	\$0.7B	57	0	1	5	3	6	8
#13	University of Glasgow	39	\$0.2B	43	0	1	5	4	6	4
#14	University of Edinburgh	49	\$0.2B	74	0	0	4	4	4	6
#15	University of Manchester	46	\$0.5B	45	1	1	3	2	3	3
#16	Aalto University	14	\$0.5B	34	0	1	4	3	5	3
#17	University of Southampton	30	\$0.1B	48	0	0	4	3	5	4
#18	University of Zürich	20	\$0.3B	35	0	0	3	4	4	10
#19	KU Leuven	88	\$0.0B	6	0	0	10	9	2	2
#20	University of Twente	21	\$0.0B	35	0	0	5	2	8	2
#21	University of Strathclyde	37	\$0.1B	44	0	0	3	3	3	3
#22	Vrije Universiteit Brussel	13	\$0.8B	16	1	1	3	2	3	2
#23	University of Leeds	27	\$0.1B	22	0	0	4	2	4	2
#24	Lund University	14	\$0.2B	22	0	0	4	1	5	1
#25	King's College London	14	\$0.2B	14	0	0	3	1	4	1

... and by university alumni companies.

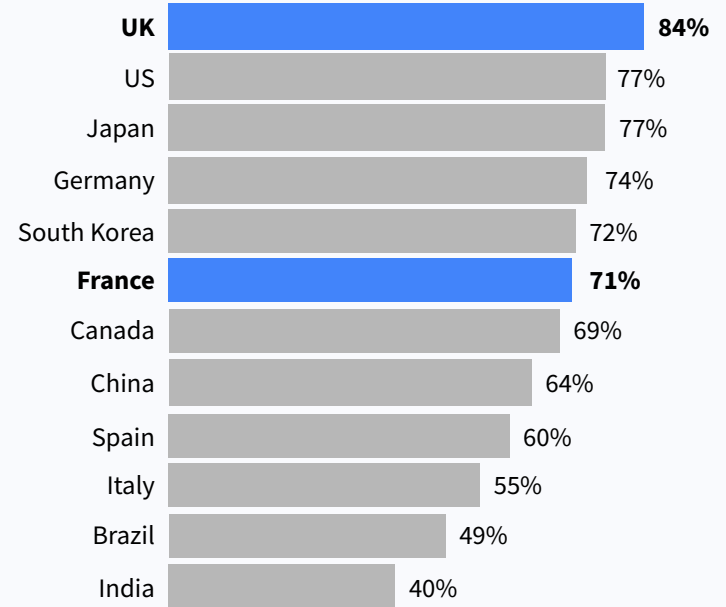
RANK	University / Research centre / Cluster	Alumni startups	VC invested since 2000	Number of rounds raised since 2000	Nr of unicorns	Nr of future unicorns	Nr of alumni startups that have raised a Series A	Nr alumni startups that have raised a Series B	Number of Series A rounds	Number of Series B rounds
#1	Golden triangle total	2663	\$111.2B	6394	127	201	868	469	1012	523
#2	University of Cambridge	675	\$29.9B	1645	32	50	234	131	260	144
#3	University of Oxford	497	\$30.7B	1412	34	51	193	108	229	126
#4	London School of Economics and Political Science	532	\$18.7B	1081	23	36	151	87	174	92
#5	Northern triangle total	364	\$11.8B	824	10	16	102	48	127	50
#6	London Business School	312	\$11.4B	702	14	26	94	51	111	57
#7	Imperial College London	308	\$9.9B	774	10	16	98	42	122	52
#8	Technical University Munich (TUM)	240	\$9.4B	539	10	15	78	37	89	44
#9	Eidgenössische Technische Hochschule Zürich (ETH Zurich)	208	\$10.8B	557	8	15	85	39	108	47
#10	KTH Royal Institute of Technology	226	\$11.4B	518	12	15	55	26	64	24
#11	University College London	209	\$6.0B	436	10	13	54	27	62	27
#12	University of Manchester	187	\$6.5B	408	8	8	51	26	65	27
#13	Universitat Politècnica de Catalunya (UPC)	176	\$5.2B	500	4	10	57	25	72	30
#14	University of Edinburgh	164	\$4.0B	436	5	9	46	26	54	33
#15	Lund University	152	\$4.5B	348	6	8	50	24	56	27
#16	University of Bristol	140	\$6.1B	351	8	11	41	22	48	28
#17	Aalto University	169	\$4.5B	372	6	9	39	21	49	21
#18	University of Amsterdam	295	\$5.1B	328	9	8	37	17	40	18
#19	Technical University Berlin	167	\$3.2B	323	4	5	48	24	54	24
#20	King's College London	123	\$4.3B	327	4	8	42	21	51	23
#21	University of Copenhagen	129	\$4.5B	261	6	7	39	16	39	15
#22	University of Warwick	135	\$2.6B	294	2	3	37	19	45	24
#23	Karlsruhe Institute of Technology (KIT)	85	\$2.4B	204	2	7	31	22	43	22
#24	Vrije Universiteit Amsterdam	181	\$3.6B	202	4	4	22	11	25	11
#25	Delft University of Technology (TU Delft)	173	\$1.1B	278	2	3	32	7	38	8
#25	Humboldt University of Berlin	124	\$3.8B	213	2	2	27	12	34	15

The UK is an early adopter market where corporates spend more on tech, and consumers spend more online.

Corporate spending on IT as % of GDP (2018)⁽¹⁾

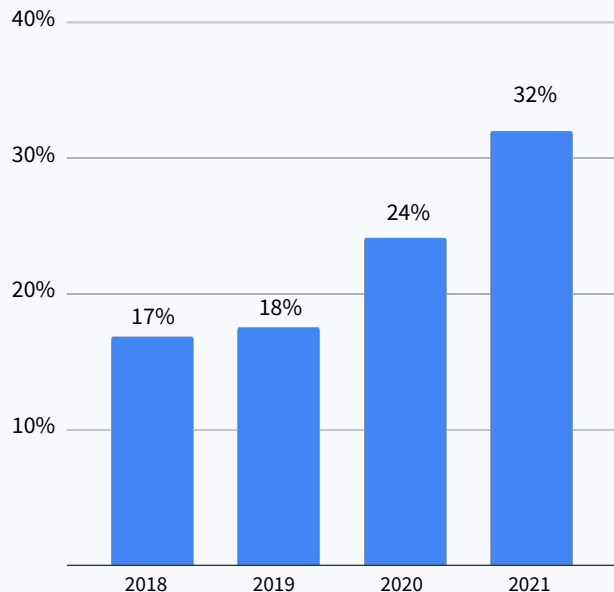


Consumer e-commerce penetration (2020)⁽²⁾



An extensive landscape of iconic European corporates.

London and Paris's share of total European corporate investment (invested in European startups 2018-2021)



Corporates with investments in European startups

	London	Paris
Fashion	BURBERRY	LVMH
Banking	BARCLAYS	BNP PARIBAS
Automotive	ROLLS ROYCE	Renault Group
Energy	bp	ENGIE
Media	REUTERS	PUBLICIS GROUPE
Insurance	LLOYD'S LLOYD'S OF LONDON	AXA
Creative	sky	L'ORÉAL

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Throughout Europe, 402 startups, from over 65 cities have surpassed a \$1 billion valuation.

Cities with at least one \$1 billion+ startup (“unicorn”)

- 1 unicorn
- 2 unicorns
- 3–5 unicorns
- 6–10 unicorns
- 11–19 unicorns
- 20+ unicorns



“ Europe has **65 unicorn cities**, more than any other region. **That's pretty cool**, because you can tap into **different thinking** when you have that distribution.”

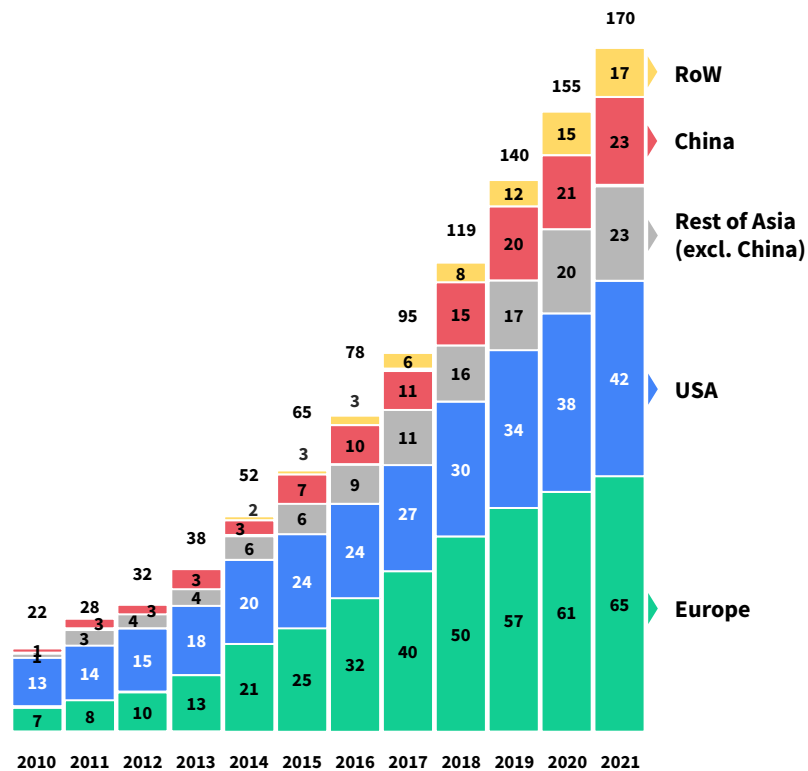


Paul Murphy

Partner, Lightspeed

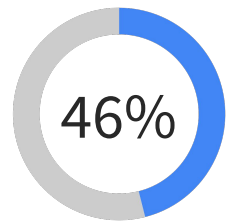
At LocalGlobe New Palo Alto event, 14th June 2022

Cities with one or more unicorn

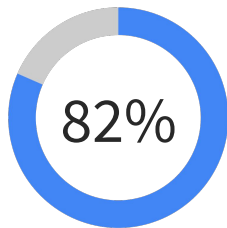


Epicenter of European tech

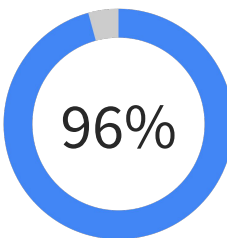
% of ecosystem enterprise value



4 hrs train ride



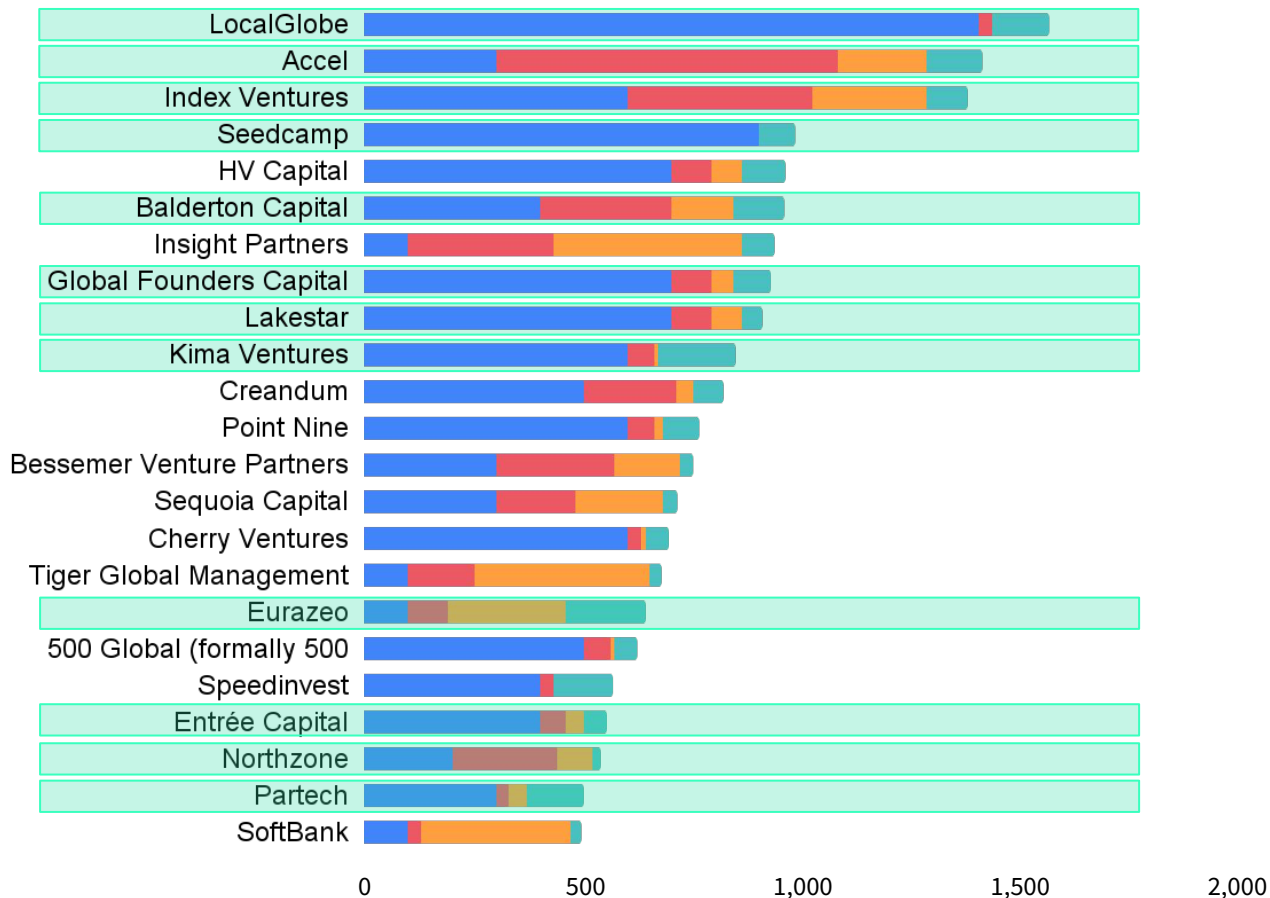
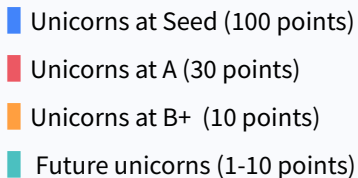
2 hrs flight



3 hrs flight

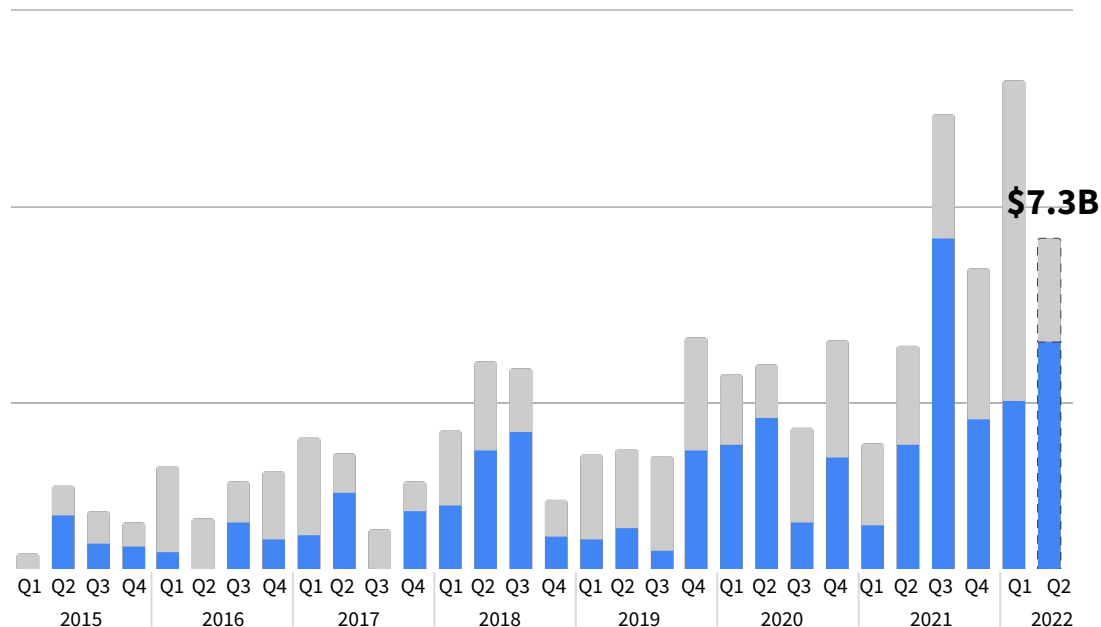


Seven of the top 10 investors in EMEA startups have their main office and major team presence in New Palo Alto.

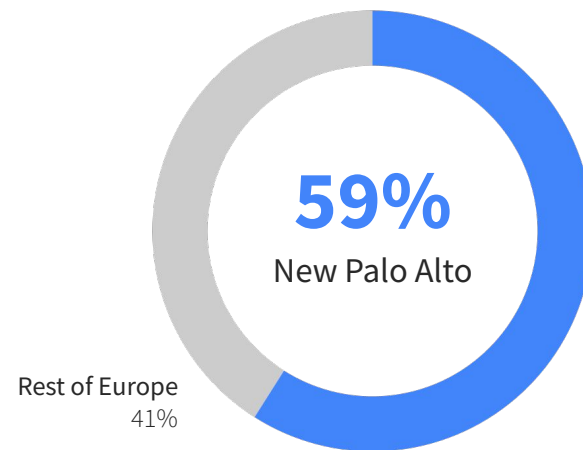


In the last four quarters, European VCs have raised more fresh capital than ever before. And New Palo Alto investors accounted for 59%.

New venture capital funds raised by HQ

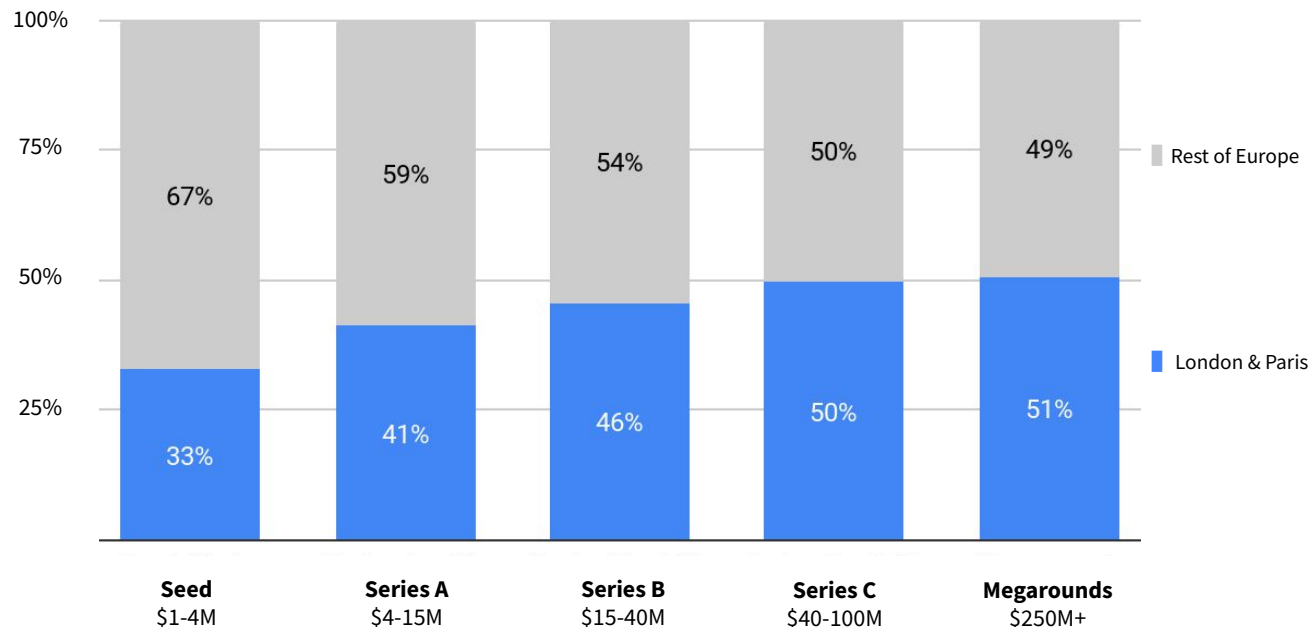


Share of new funds raised as European total (Q3 2021-Q2 2022E)



London and Paris alone, account for over half of Europe's late stage capital invested.

European venture capital per round size and per source
(invested in European startups 2017-2021, HQ of VC firm)



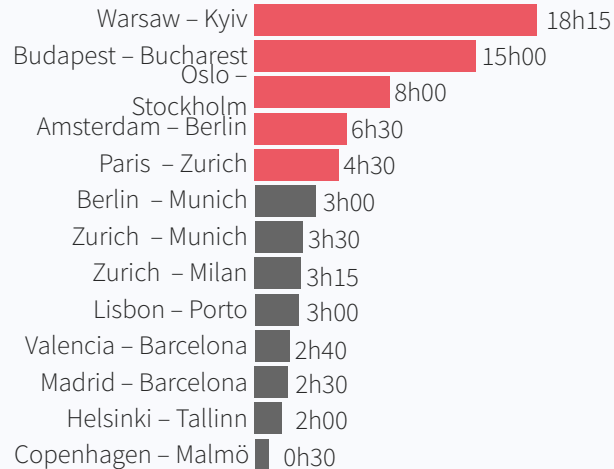
Which other hubs could be unlocked by fast train infrastructure?

● Cities with at least one unicorn

--- Travel time >4h

— Travel time <4h

Travel time between tech hubs

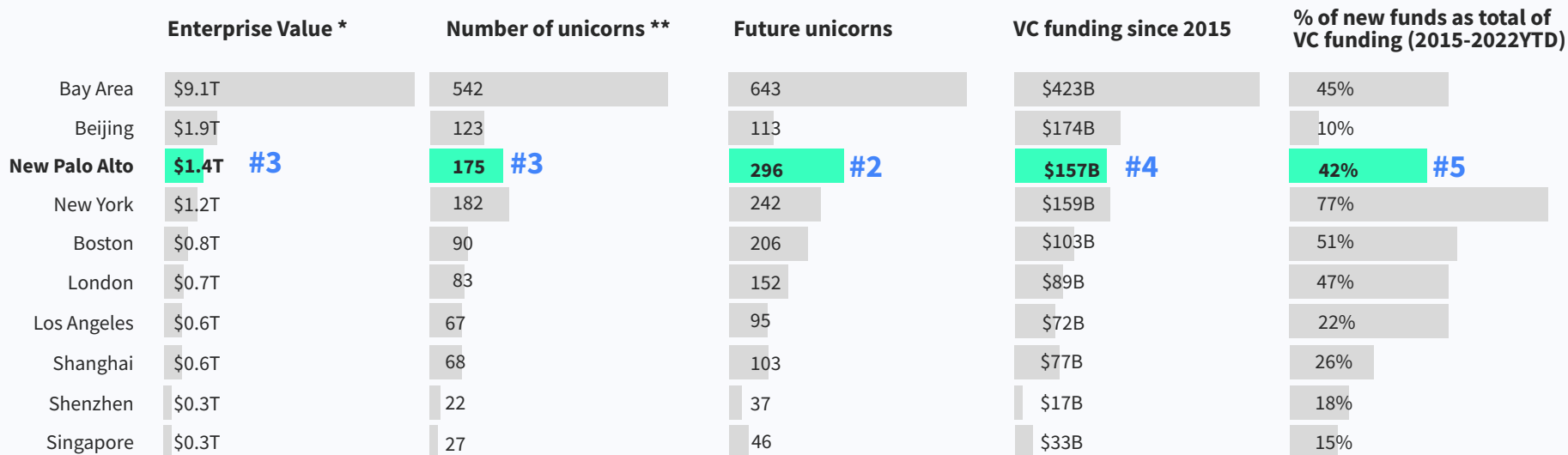


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Globally, New Palo Alto ranks significantly behind the Bay Area, but roughly on par with New York and Beijing.

NPA is overperforming ...

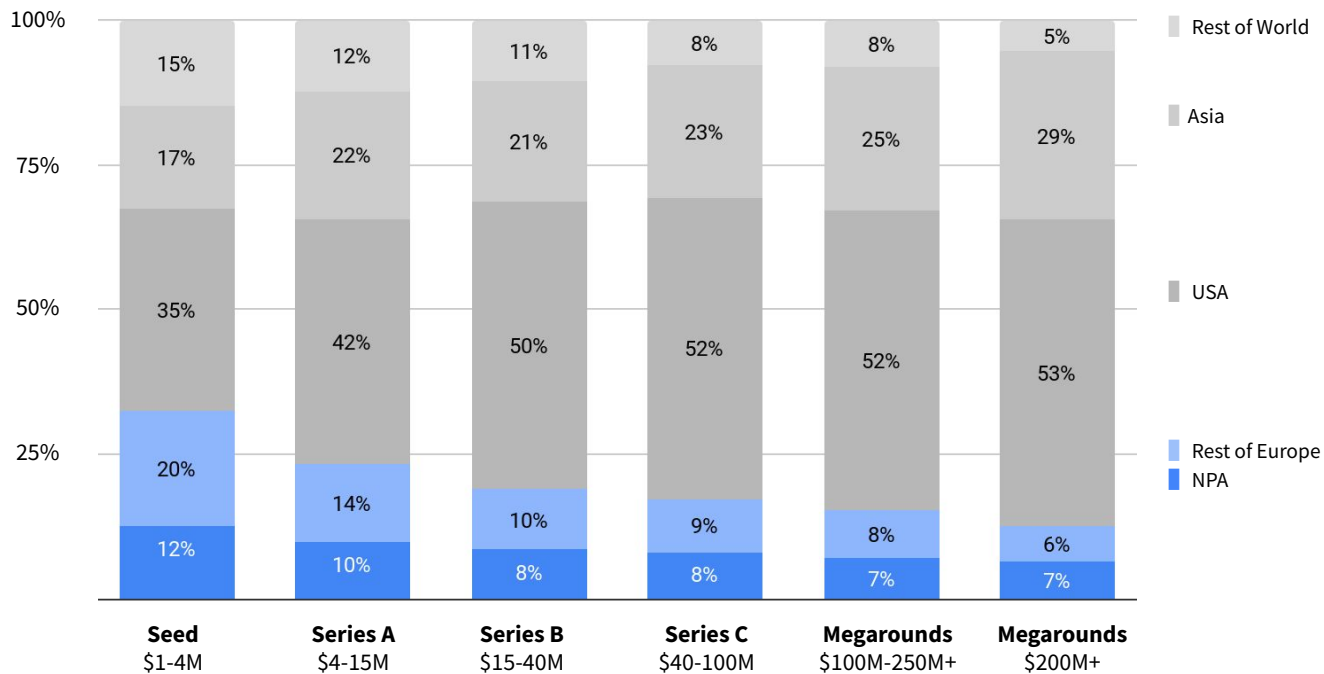
... and yet underinvested



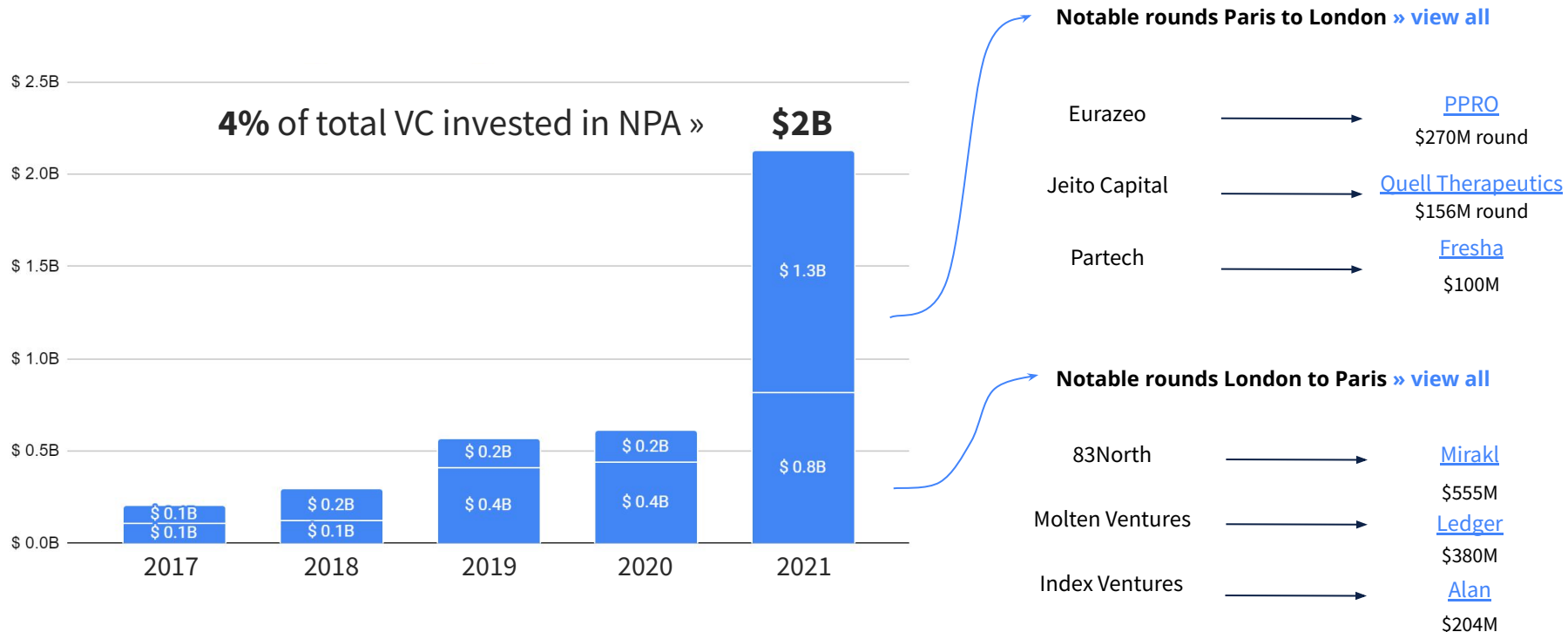
Source: Dealroom.co. *Combined enterprise value of all startups & tech companies founded since 1990. **A unicorn is defined as a rapidly scaling company (and tech enabled) that has reached a \$1 billion valuation, on the basis of a funding round (unrealised), acquisition or IPO (realised).

Europe (and New Palo Alto) remain massively underinvested in later-stage rounds.

Share of global VC investment by destination (2020-2022 YTD)



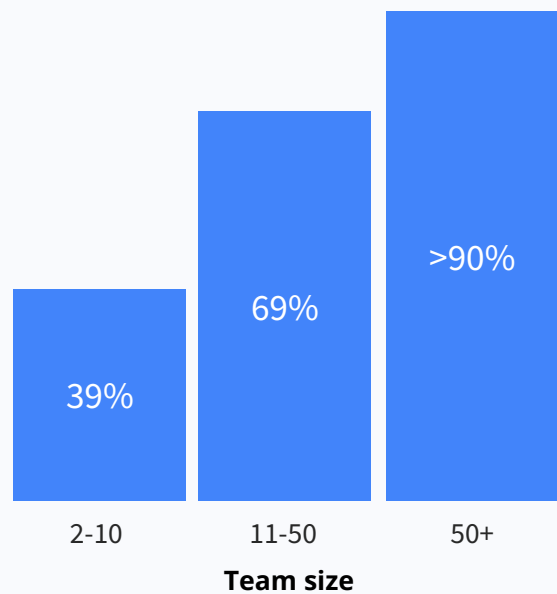
Opportunity to become more interconnected: investment between Paris and London reached record levels in 2021, but is still relatively low volume.



Meanwhile, almost all London & Paris scaleups have recruited talent from the other hub.

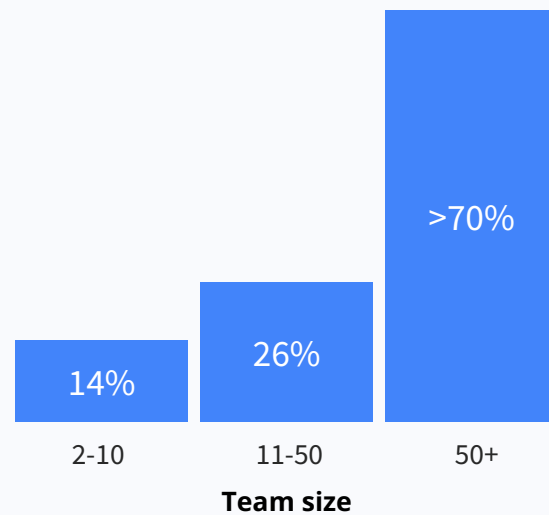
Paris-based startups

% of startups who recruited someone from London

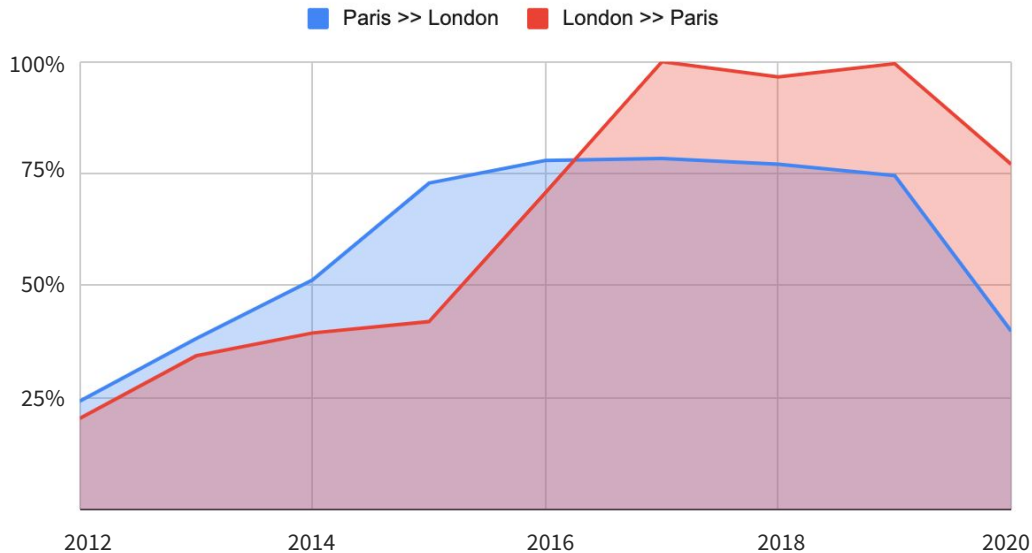


London-based startups

% of startups who recruited someone from Paris



Public policy really does have an impact, including on talent flows.



Paris and London share a rich, mobile talent pool, but the momentum of talent flow has swung from London to Paris since Brexit.

Analysing the movements of professionals who have worked in both Paris and London shows that pre Brexit, the direction of travel was distinctly inbound into St Pancras. However, since 2016 the trend has reversed. Paris is now a net importer of talent from London.

From 257K+ work experiences tracked between 2012 to 2021, this analysis looks at all movements of professionals between London and Paris (2.7K).

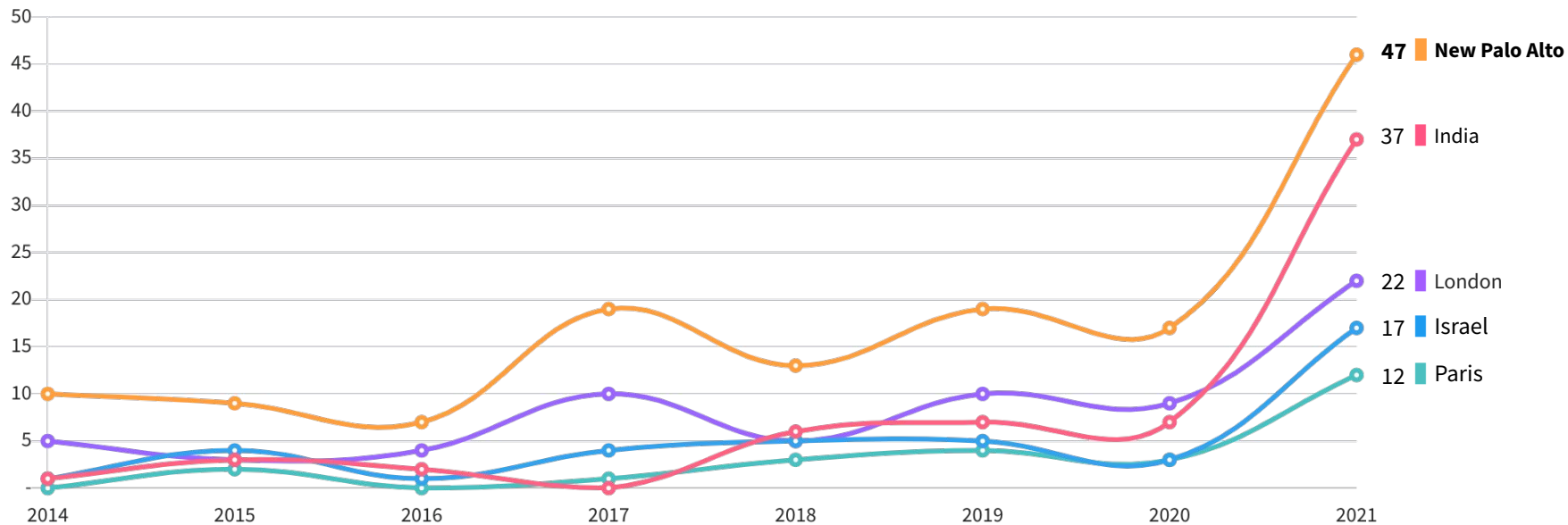
For accuracy, a movement to destination city is only included if it happened less than 2 years after the work experience in the origin city ended.

NPA governments strongly supportive to tech and science.

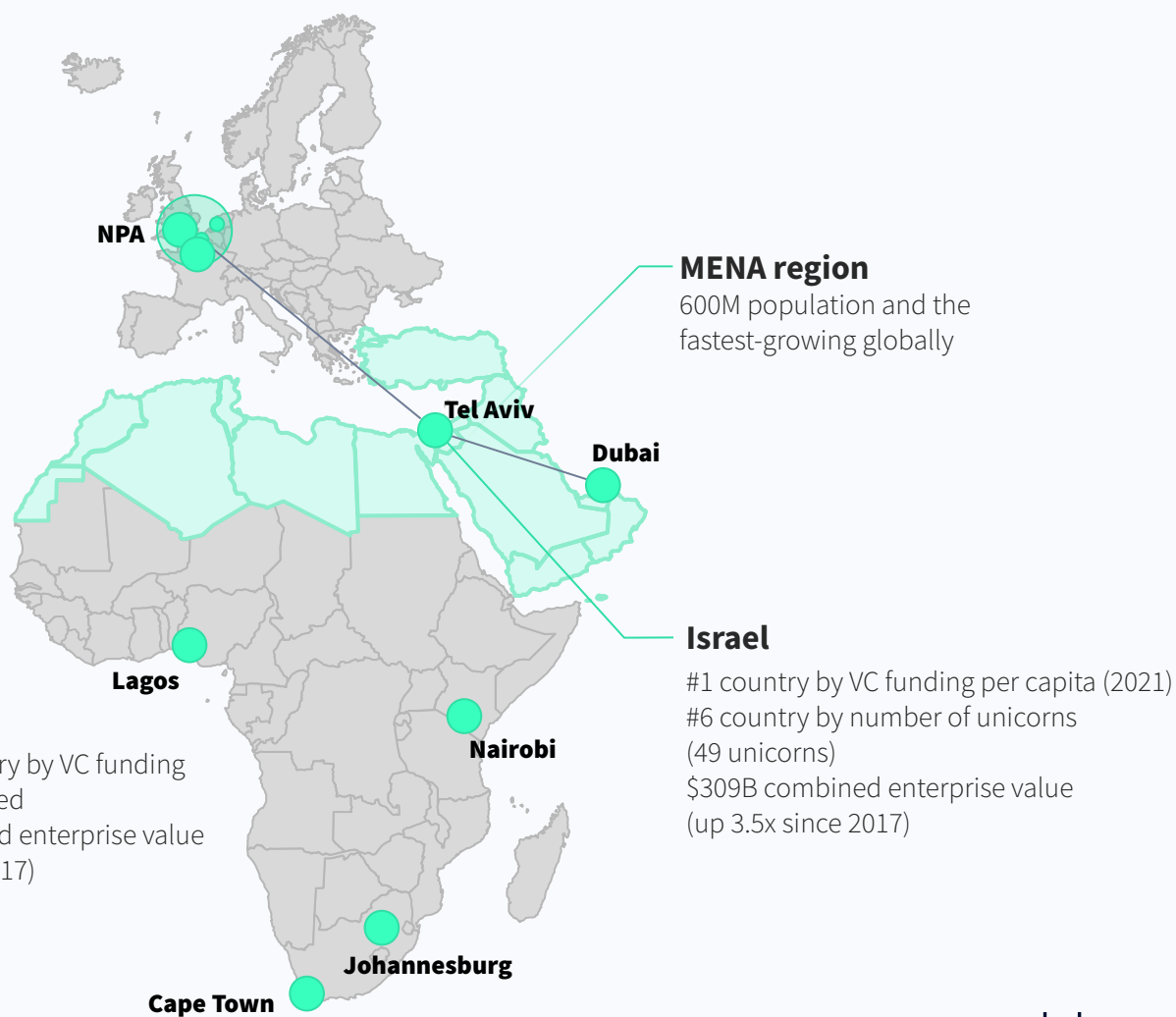
	UK	France	Netherlands
Fund of Funds	BPC/BBB £2.5B	Bpifrance €6.5B	RVO <u>Seed Capital scheme</u> €20M (2021)
Grants	UKRI (ex-Innovate UK)	Bpifrance €1.3B	<u>VFF</u> (€8.75M, 2021) Take-off (NWO)
Equity co-investing	BBB Angel CoFund Future Fund	Bpifrance €1.6B	<u>InvestNL</u> €1.7B
Debt co-investing	BBB: Start Up Loans	Bpifrance €1.3B	<u>Growth Facility Scheme</u>
R&D <i>tax credits & incentives</i>	Yes £4.5B (2018)	CIR €6B (2021)	WBSO €1.3B (2020) <u>InnovatieCredit</u> (€60M, 2021)
Investor tax relief & fiscal incentives	£2bn (EIS/SEIS 2019)	PEA-PME, <u>Tax deduction program</u> for investors	No
Employee Options	EMI Scheme ranks _ Ranked #7 by Not Optional	BSPCE Ranked #6 by Not Optional	Ranked #16 by Not Optional
Tech Visa	Tech Nation Visa (Since 2014)	French Tech Visa (Since 2017)	Tech Visa

No time to be complacent. Places like Israel and India are catching up.

Number of new unicorns » [view online](#)



**Massive opportunity
to strengthen existing
close links to MENA.
And Sub-Saharan
Africa, all within
similar time zones.**



New Palo Alto in summary ...

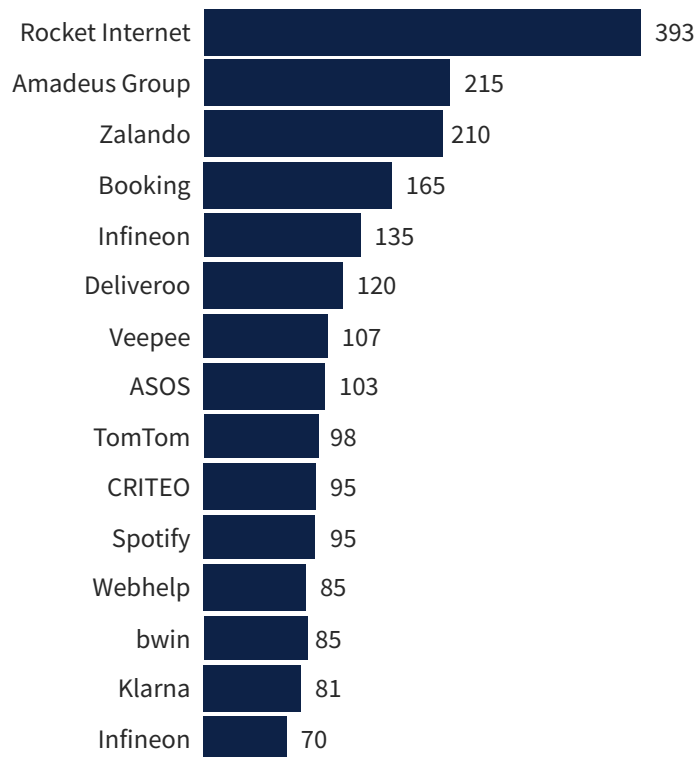
The epicenter of Europe's tech ecosystem.

Leader in science, successful startups, venture capital, early-adopters, corporate innovation.

Already a global top-3 tech hub, but massive opportunity.

Opportunity for late-stage capital, stronger ties between cities, policies removing friction, ambitions beyond Europe into MENA and sub-saharan Africa.

Top 15 European \$1B+ companies by number of alumni founders



“ Just **15 European unicorns** have produced over **2,000 founders**. There's so much unrealised potential that's coming.”



Seth Pierrepont

General Partner, ICONIQ

At LocalGlobe New Palo Alto event, 14th June 2022

Methodology & definitions

Startups & venture capital

This report focuses on companies in the internet age, i.e. after 1990. Most but not all unicorns are VC backed.

Companies included in the analysis are tech-driven. Industries include software, ecommerce, online marketplaces, hardware, ICT infrastructure. The full [industry & business model taxonomy](#) can be found online

Investment numbers refer to venture capital investment rounds such as seed, series A, B, C, late stage, and growth equity rounds. It excludes debt or other non-equity funding, lending capital, grants and ICOs.

Buyouts, M&A, secondary rounds, and IPOs are treated as exits: excluded from funding data, but included in exit data.

Unicorns

A unicorn is defined as a tech-driven company that has reached a \$1 billion valuation, on the basis of a funding round (unrealised), acquisition or IPO (realised).

There are some notable edge-cases:

- Companies that IPO-ed at or above \$1 billion but subsequently dipped below that valuation, are still included as \$1B+ exit (examples: Alfa).
- Some companies have at some stage reached a \$1 billion but subsequently raised, IPO-ed or were acquired below that value. In this case the company is not counted as a unicorn.
- If a unicorn moved HQ, the company is counted in the country where it reached unicorn status. Occasionally companies received dual HQ status.

Underlying data

Dealroom's proprietary database and software aggregate data from multiple sources: harvesting public information, user-submitted data verified by Dealroom, data engineering. All data is verified and curated with an extensive manual process.

Most underlying data from the report is available online via <https://app.dealroom.co>. For more info please visit dealroom.co or contact support@dealroom.co.

Create a free account on dealroom.co
for more intelligence on startups and
ecosystems.

