

Deutsche Börse  
Venture Network



# The Impact of Crossover Investors

Bridging Private and Public Markets

February 2023



# Key takeaways



## Crossover investors have risen to key players in the tech ecosystem

The participation of crossover investors in VC deals increased to an all-time high of \$60+bn globally and \$6+bn in Europe in 2021.

This represents 13% of the global and 8% of the European VC investments.



## Bridging private and public markets by backing the companies' growth track

The initial investment of crossover investors is over 60% of the times at Series C+.

With follow-up rates between 59% to 65%, crossover investors back companies pre- and post-IPO and show flexibility in holding periods.



## Crossover investors can add global experience and network to IPO candidates

Almost 25% of the latest European tech listings were backed by crossover investors.

These companies went public 50% faster, 2.3x more often and at 148% higher valuation compared to companies without a crossover investor.



## Recent market environment challenged the rebalancing of portfolio compositions

Global VC investments by crossover investors in 2022 pulled back by nearly 70% (Europe 32%).

However, crossover investments are expected to stay, with a less aggressive investment pace as in 2021.

# Table of contents

**1**

**Characteristics of crossover investors**

**2**

**Crossover investment activity**

**3**

**Impact on the VC ecosystem and IPO market**

**4**

**Current developments and outlook**

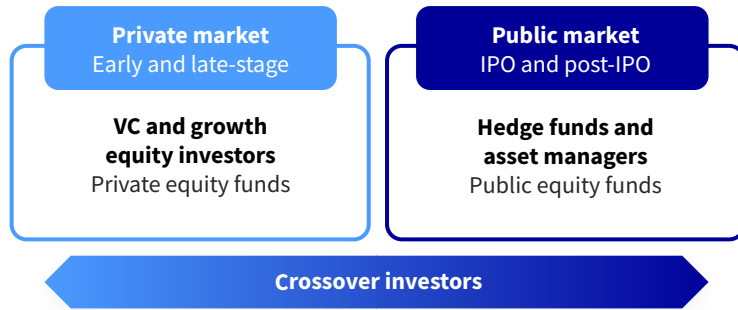
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# **Characteristics of crossover investors**



# What is a crossover investor?

A crossover investor is a **hybrid fund or investment vehicle** active in both, **private and public markets**.



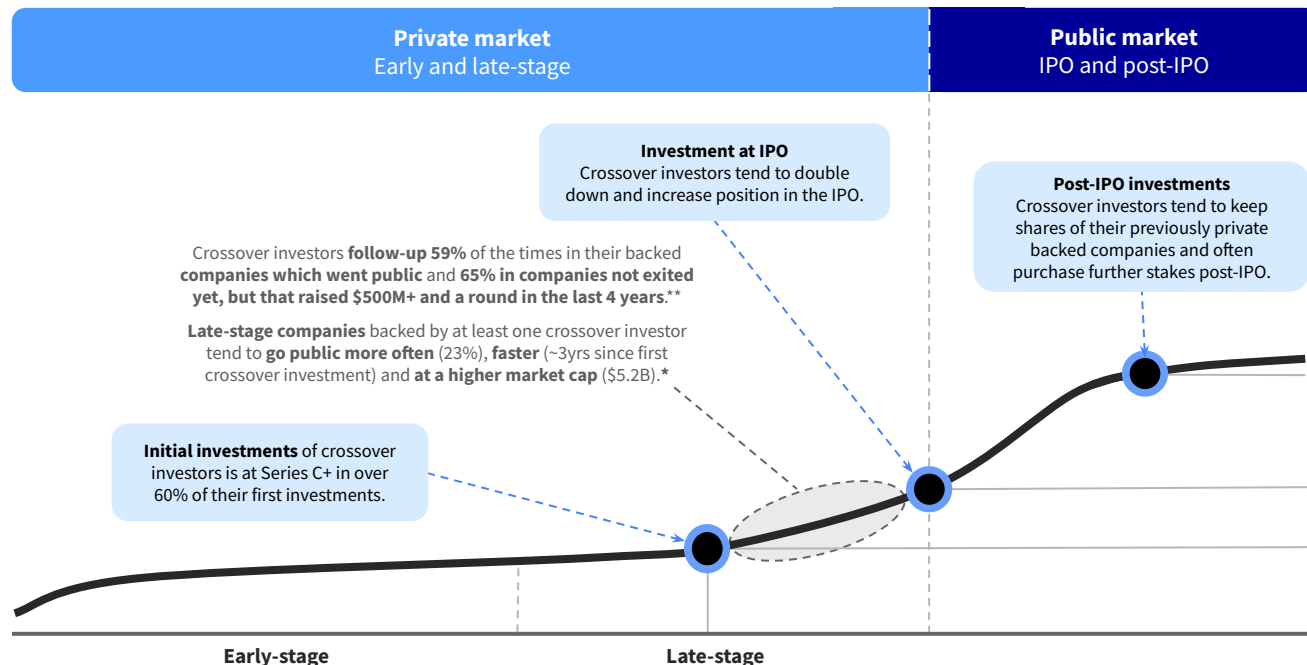
Crossover investors tend to make the **initial investment in late-stage ventures** that have already achieved a certain level of maturity and validation.

Often, the initial investments are one of the **last private market rounds** followed by backing the company at **public listing and post-IPO**.

## Selected crossover investor characteristics

<b>Investment mandate</b>	Mostly late-stage private markets and (post-)IPO in public markets
<b>Target companies</b>	Mainly fast-growing tech companies on a strong path to profitability and with IPO potential
<b>Favorable terms and structures</b>	Varies widely, commonly flexible in: <ul style="list-style-type: none"><li>• Ownership %</li><li>• Board seat(s)</li><li>• Equity (preferred) or debt structures</li><li>• Primary or secondary offerings</li></ul>
<b>Investment horizon</b>	Often long-term partnering from last private round to public markets and beyond
<b>Crossover investment rationale</b>	Gaining company insights pre-IPO and expecting valuation uplift post-IPO
<b>Value-add for portfolio companies</b>	Significant capital pools, global IPO-prep experience and complementary network to venture investors

# Crossover investors can play a key role in supporting the growth of private companies on their road to IPO and beyond.



## The ideal company journey supported by crossover investors

Crossover investors strategies vary widely, but on average they tend to **start backing companies around Series C+** and follow-up with their **support towards an IPO**.

Furthermore, crossover investors tend to **increase their holding at IPO** and aim to benefit from the valuation uplift at IPO.

Once the company is public the journey is not over in many cases and the companies become **part of the crossover investor's public portfolio**, with no constraints on the time horizon.

Often these holdings make up a **sizable part of their public portfolio**.

Typically, funding of **early-stage companies** tends not to come from crossover investors but **from traditional VCs** and other private market investors. However, in **2022** the **share of early-stage funding** (Seed & Series A) **by crossover investors has increased to 31%**, due to late-stage crunch.

# The broader crossover universe includes many different types and shades of crossover investing.

## Selected investors with crossover activity (narrow crossover definition of this report\*)



Discover the full list  
of 30+ crossover  
investors

## VC/PE funds with a small public fund



## VC/PE funds expanding to keep portfolio companies when public (see section 4 for more insights)



## Other notable exclusions\*\*



Goldman  
Sachs

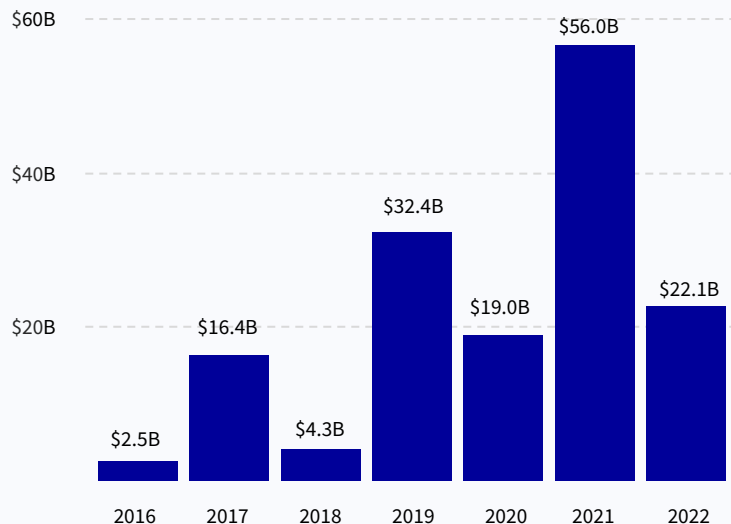


PANTERA

\*\*Softbank has been excluded due to the highly different investment style in respect to crossover investors considered, Softbank often carried out huge concentrated bets in startups, instead of a wider funding spread. Also the sheer amount of the vision fund would have shifted all the analysis. Goldman Sachs, SVB and similar players have been excluded due to their strong focus on venture debt, which gives them a different angle in respect to exit performances and return on investments in respect to crossover investors equity investments. Pantera Capital and crypto focused hedge funds have been excluded by the analysis due to the strong differences between token investing and traditional VC.

# Globally, crossover investors raised a record \$56B in new funds for the private market in 2021. With \$22.1B, the third highest annual total, raised in 2022.

## New private market funds raised by crossover investors globally\*

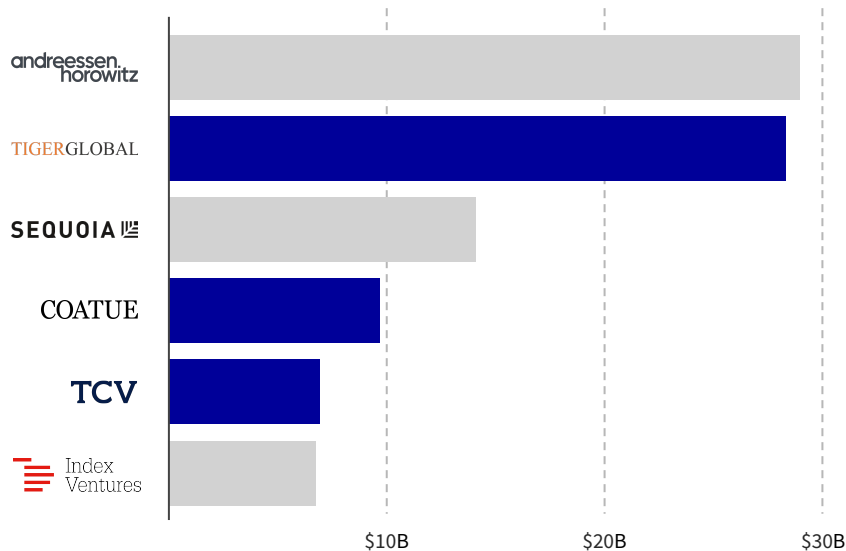


## Selected disclosed new private market funds raised by crossover investors

<b>SILVERLAKE</b> <b>\$20.0B (PE/VC)</b> Jan/2021	<b>TIGERGLOBAL</b> <b>\$12.7B (VC)</b> Mar/2022	<b>ALPHA WAVE</b> <b>\$10.0B (VC)</b> Dec/2021
<b>TIGERGLOBAL</b> <b>\$6.7B (VC)</b> Dec/2021	<b>COATUE</b> <b>\$6.5B (VC)</b> Apr/2022	<b>TCV</b> <b>\$4.0B (PE/VC)</b> Jan/2021
<b>TIGERGLOBAL</b> <b>\$3.8B (VC)</b> Jan/2021	<b>LEAD EDGE CAPITAL</b> <b>\$2.0B (VC)</b> Apr/2022	<b>WELLINGTON MANAGEMENT®</b> <b>\$1.8B (VC)</b> Dec/2020

# Some crossover investors' private market funds are rivalling in size with the most prominent VC investors globally.

New private market funds raised between 2017 and 2022



Selected private portfolio holdings

Crossover investor

Selected startups

TIGERGLOBAL

ByteDance, Shein, Stripe, Checkout, Instacart, Databricks, Flipkart, Revolut  
[See other investments](#)

COATUE

ByteDance, Ant Group, SpaceX, Checkout, Instacart, Rapyd, N26, Wolt  
[See other investments](#)

TCV

ByteDance, Revolut, Miro, Celonis, Brex, Klarna, Mollie, Trade Republic  
[See other investments](#)

**Most crossover investors are based in the US or Asia, but several have established European offices and on-the-ground teams.**

Investor	HQ country	European office(s)	Number of European deals in 2022	Selected European portfolio companies
COATUE	United States	London	16	 Spotify  checkout.com  N26
TEMASEK	Singapore	London	12	 adyen  BIONTECH  FNZ
BlackRock	United States	Amsterdam, London	7	 sumup®  Klarna.  FLIX
 GIC	Singapore	London	6	 Blockchain.com  N26  Klarna.
TCV	United States	London	5	 Revolut  Spotify  mollie
<b>European based crossover investors</b>				
 BAILLIE GIFFORD	Scotland	Edinburgh	5	 Blockchain.com  northvolt  FLIX
 AXA Investment Managers	France	Puteaux	2	 carbon clean  switcher  Dreams
 JUPITER	United Kingdom	London	-	 wefox  Klarna.  Starling Bank

# The investors of the investors – capital providers of crossover funds. More than 80% of crossover funds' limited partners come from the US, whilst ~10% are based in Europe.

## Notable Limited Partners (LPs) of the selected group of crossover investors\*

### Public Pension Funds



LAFPP



### Foundations and Endowments



HILLMAN  
FOUNDATION



### Corporate Pension Funds



### Insurance Companies



### Fund of Funds

atp pep=



“ **Crossover investors play an important role in the tech ecosystem, with their ability to add significant capital in late-stage rounds, bridging private and public markets.**

“Their experience and complementary network in supporting companies pre- and post-IPO brings additional value – and makes them also valuable partners for us at Deutsche Börse.”



**Eric Leupold**

Managing Director Cash Market  
Deutsche Börse AG



DEUTSCHE BÖRSE  
CASH MARKET



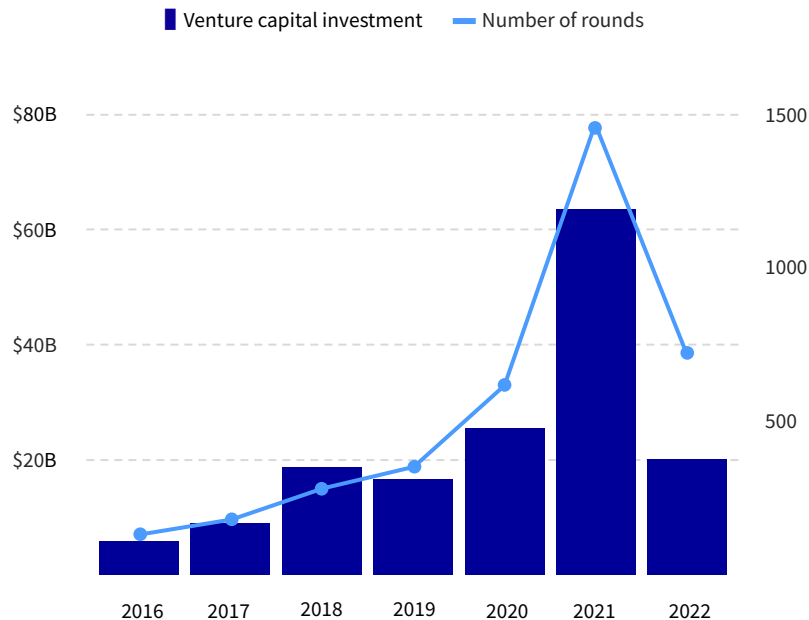


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## **Crossover investment activity**

**In 2021 crossover investors massively ramped up their global venture investing, to an all-time high. This was followed by a 70% pullback in 2022, and a return to pre-peak levels.**

### Venture capital investment into global startups by crossover investors\*

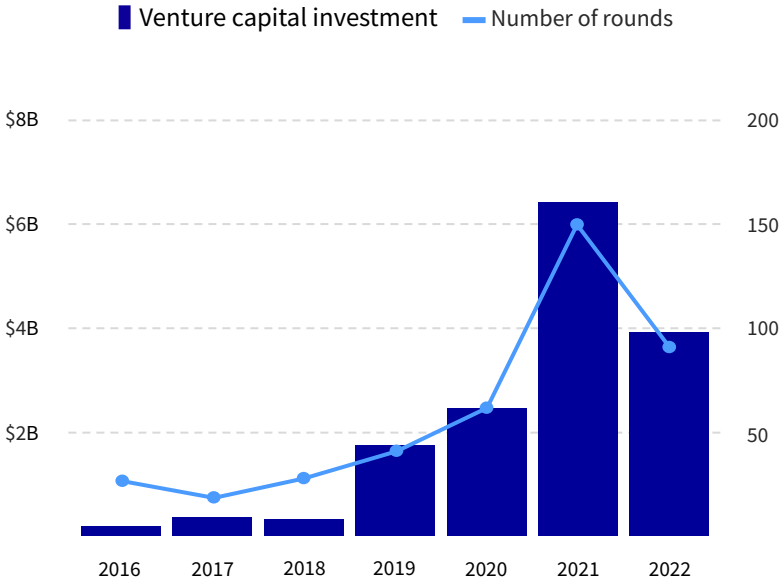


### Largest rounds with participation from a crossover investor in 2022

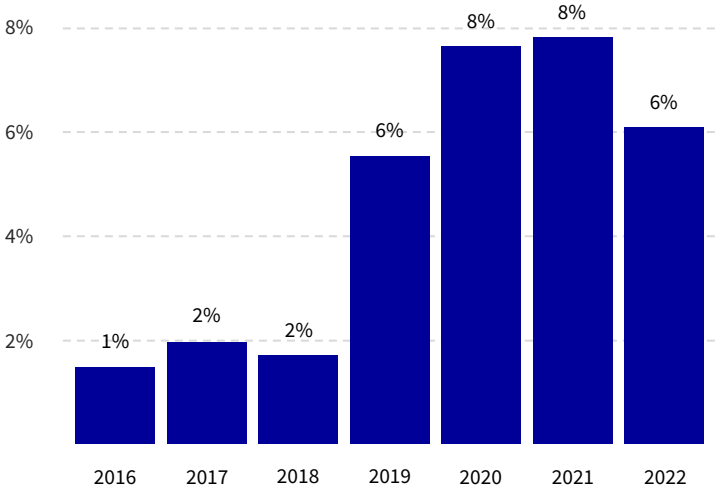
Startup	Funding round	Crossover investors
 <b>Lineage</b>	\$1.7B Growth Equity Jan/2022	D1 Capital Partners
 <b>Fanatics</b>	\$1.5B Growth Equity Mar/2022	Blackrock, Fidelity
<b>northvolt</b>	\$1.1B Convertible Jul/2022	Baillie Gifford
<b>SHEIN</b>	\$1.0B Late VC Apr/2022	Tiger Global
 <b>checkout.com</b>	\$1.0B Series D Jan/2022	Altimeter, Coatue, Dragoneer, DST Global, Franklin Templeton, Tiger Global
<b>flexport</b>	\$935M Series E Feb/2022	DST global

Crossover investors accounted for 8% of all VC funding in Europe in 2021, up from 1% five years earlier. In 2022 their activity had dropped 32%, but was still 1.6x higher than in 2020.

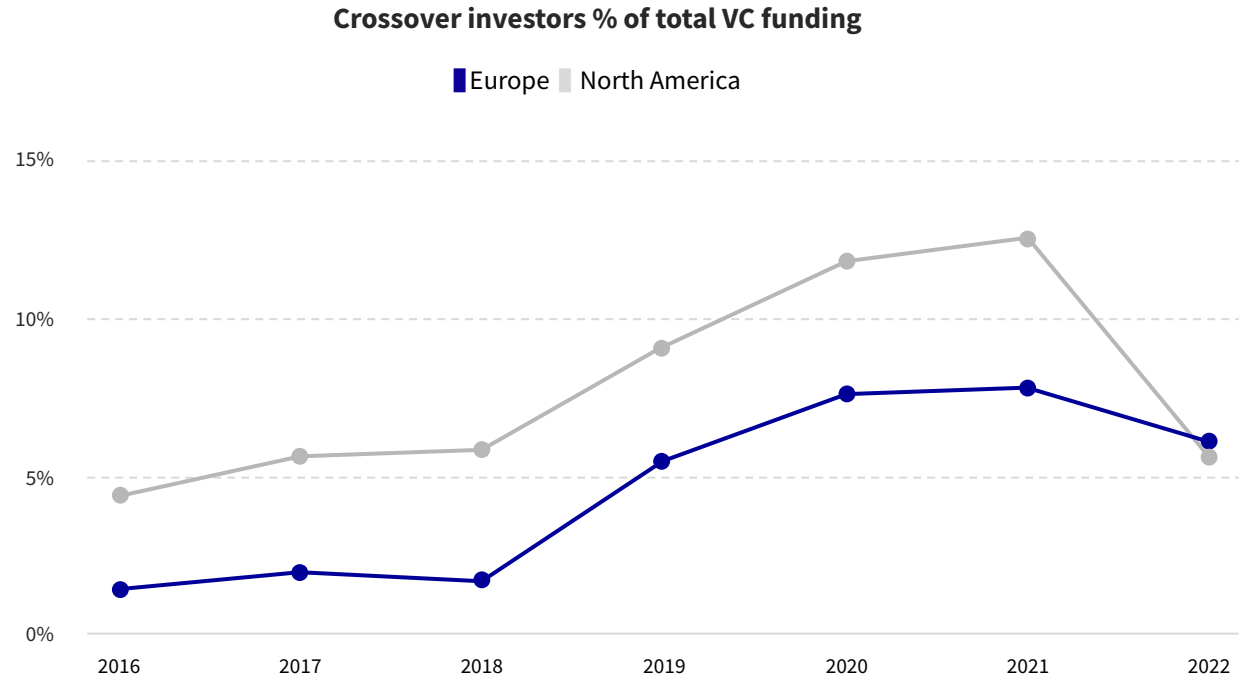
Venture capital investment and number of rounds into European startups by crossover investors\*



Crossover investment as percentage of total VC investment raised by European startups

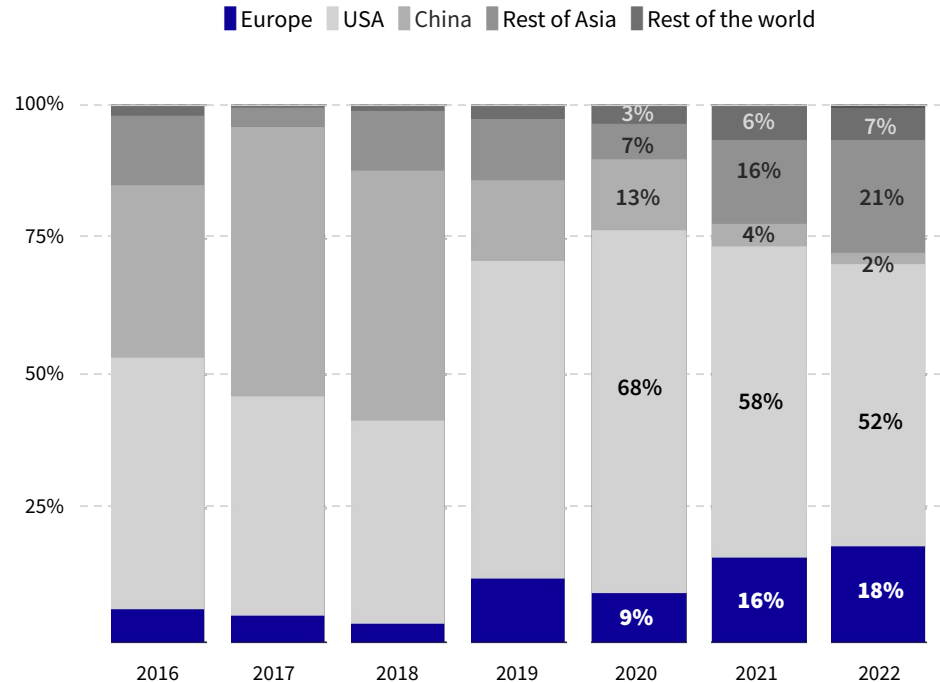


Crossover investors have played a larger role in the US funding ecosystem than in Europe in recent years, but retreated faster in 2022.



## In the last four years, crossover investors have started to ratchet up their investment activity in Europe.

### Investments of crossover investors by location [» view online](#)



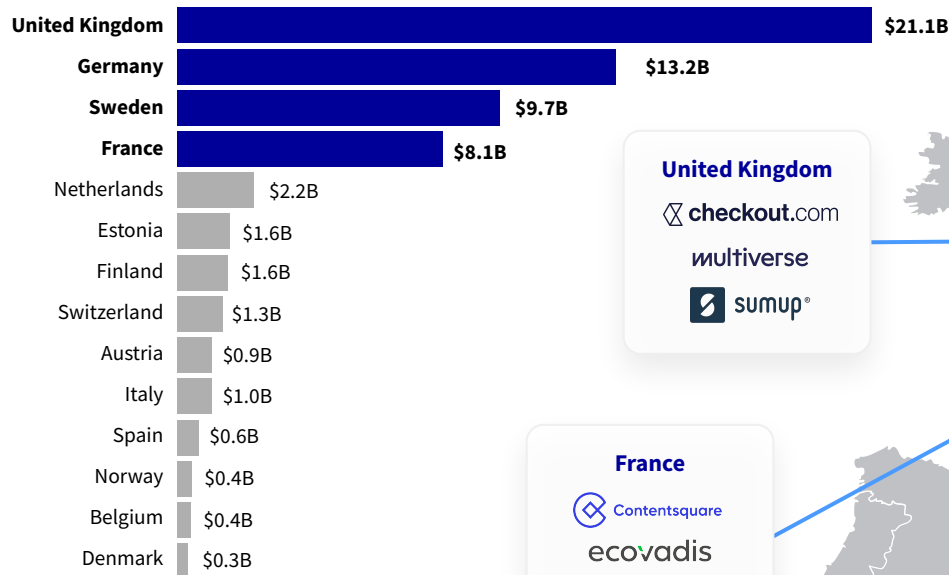
From 2020 to 2022, crossover investors have turned to Europe, increasing their investment activity in the region to an all-time high of 18% in 2022.

Until 2020, global crossover investors were mainly active in the US and Asia, allocating more than 80% of their investments into these two markets.

However, from 2020 to 2022 investor allocations changed significantly. As the US proportion sank from 68% to 52% and for China from 13% to 2% in the respective period.

# In Europe, UK startups have raised the most VC funding from crossover investors, followed by Germany, Sweden and France.

VC investments by crossover investors  
per European country (2016-2022)\* [» view online](#)



## United Kingdom

checkout.com  
multiverse  
 sumup®

## France

Contentsquare  
ecovadis  
 qonto

## Sweden

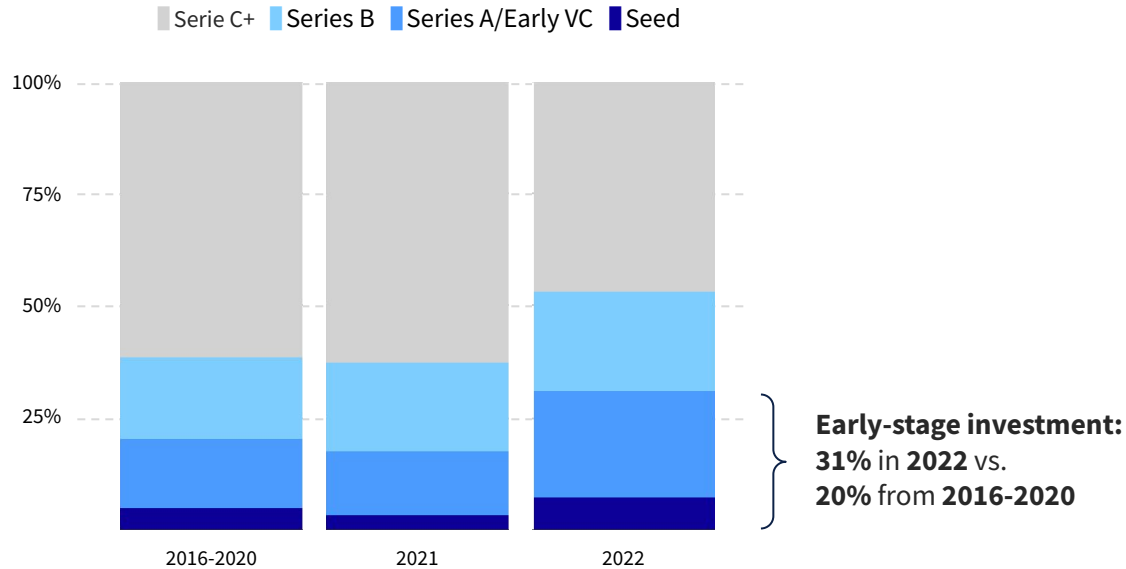
green steel  
Klarna.  
northvolt

## Germany

celonis  
ONEFOOTBALL  
TRADE  
REPUBLIC

## Crossover investors are investing earlier. Almost a third of their venture cheques were for Seed to Series A startups in 2022.

Number of VC rounds by crossover investors  
per funding stage, 100% stacked



Historically, crossover investors have been most active in later stages, with over 60% of the rounds happening at Series C+ from 2016-2020. Seed and Series A accounted for just 20% of the deal flow.

But the tide is turning. Last year was characterized by two trends: crossover investors started to diversify their deal flow by increasing the focus on early-stage funding rounds (Seed and Series A). At the same time, they cut heavily on late-stage rounds (Series C+).

## Globally, Deep Tech and Fintech were been the top sectors for crossover investors in 2021 and 2022. Health, Impact, Food and Transportation have also been in focus.

### Global view: Top industries invested by crossover investors\*

	2016	2017	2018	2019	2020	2021	2022	2016-2022
Deep Tech	\$0.6B	\$1.1B	\$3.2B	\$3.4B	\$6.7B	\$16.7B	\$4.2B	\$35.9B
Fintech	\$0.3B	\$0.2B	\$7.1B	\$2.4B	\$3.1B	\$10.3B	\$4.0B	\$27.4B
Health	\$0.3B	\$1.4B	\$1.2B	\$2.5B	\$3.5B	\$5.7B	\$2.1B	\$16.5B
Impact	\$0.1B	\$0.6B	\$0.6B	\$1.8B	\$2.9B	\$8.2B	\$2.3B	\$16.5B
Food	\$0.1B	\$0.4B	\$2.9B	\$1.7B	\$1.7B	\$3.5B	\$0.8B	\$11.2B
Transportation	\$0.9B	\$1.8B	\$0.5B	\$0.7B	\$1.2B	\$3.2B	\$0.7B	\$9.1B
Education	\$0.02B	\$0.03B	\$0.2B	\$0.1B	\$1.9B	\$1.1B	\$0.4B	\$3.9B
Media	\$0.1B	\$0.7B	\$0.01B	\$0.1B	\$0.1B	\$1.1B	\$0.6B	\$2.6B



## In Europe, crossover investors have focused mostly on Fintech. Impact, Deep Tech and Health sectors have also attracted considerable investment.

European view: Top industries invested by crossover investors\*

	2016	2017	2018	2019	2020	2021	2022	2016-2022
Fintech	\$0.01B	\$0.04B	\$0.03B	\$0.9B	\$1.3B	\$2.8B	\$1.4B	\$6.4B
Impact	\$0.01B	\$0.01B	\$0.05B	\$0.1B	\$0.4B	\$0.7B	\$0.5B	\$1.8B
Deep Tech	\$0.02B	\$0.01B	\$0.1B	\$0.1B	\$0.4B	\$0.7B	\$0.3B	\$1.7B
Health	\$0.06B	\$0.04B	\$0.2B	\$0.1B	\$0.3B	\$0.7B	\$0.2B	\$1.6B
Food	\$0.06B	\$0.1B	\$0.01B	\$0.3	\$0.1B	\$0.3B	\$0.1B	\$1.0B
Transportation	\$0.0B	\$0.0B	\$0.01B	\$0.0B	\$0.3B	\$0.3B	\$0.01B	\$0.6B
Security	\$0.0B	\$0.0B	\$0.0B	\$0.0B	\$0.0B	\$0.0B	\$0.3B	\$0.3B
Education	\$0.0B	\$0.0B	\$0.0B	\$0.0B	\$0.0B	\$0.2B	\$0.1B	\$0.3B

“Now, more than ever, we’re excited to partner with Europe’s most promising technology businesses.”

**Rafael Birnbaum**

Growth Equity Investor at TCV

**Share details about your crossover investment strategy and commitment to Europe.**

Founded in 1995, TCV has built a track-record of backing private and public companies that TCV believes have developed into global, category-defining players.

As a pioneer of the crossover strategy, we at TCV typically take a long-term perspective with each of our investments – committing substantial capital, time, and resources to support our companies on their journeys seeking to achieve market leadership. The majority of our now-public investments were, at the time of our initial investment, private.

We opened our London office over a decade ago, making us one of the longest standing American growth funds with a physical footprint in Europe. We have made investments in companies across the continent, including Celonis, Flix, Mambu, Miro, Relex, Revolut, Sportradar, Spotify, Spryker, and Trade Republic.

**What value and expertise can a crossover investor add towards public listings of a portfolio company?**

We work with portfolio company management to help position the business for premium valuation multiples. We seek to create attractive liquidity opportunities for all shareholders and have purchased shares at IPO for most of our portfolio companies, highlighting our continued support and showing a strong signal to the public markets.

**How do you see the current tech market and do market cycles affect your investment activity?**

While we may be in for a protracted adjustment period, we at TCV feel strongly that we need to lean into the uncertainty and remain hyper focused on identifying and investing in what we believe to be the highest quality, category-defining technology companies.

Prior crises have created exciting investment opportunities within technology. Netflix, Google, Tesla, Expedia, and Zillow are all companies that grew out of or persevered through prior crises and ultimately prospered. We believe the same will be true in the current market environment, and that some of the best companies of today will continue to grow and execute to ultimately become the tech leaders of the next decade and beyond.

**What do you look for in a typical TCV crossover investment?**

Our approach is highly selective, as we seek to be the hardest working investor for each of our portfolio companies over years-long, sometimes decades-long partnerships. There are certain criteria we look for in each investment: these companies must show they are ready to grow at-scale to become category leaders and have sustained top-line growth, large target end-markets, exceptional products, and outstanding leadership teams.



**Rafael Birnbaum**  
Growth Equity Investor

**TCV**

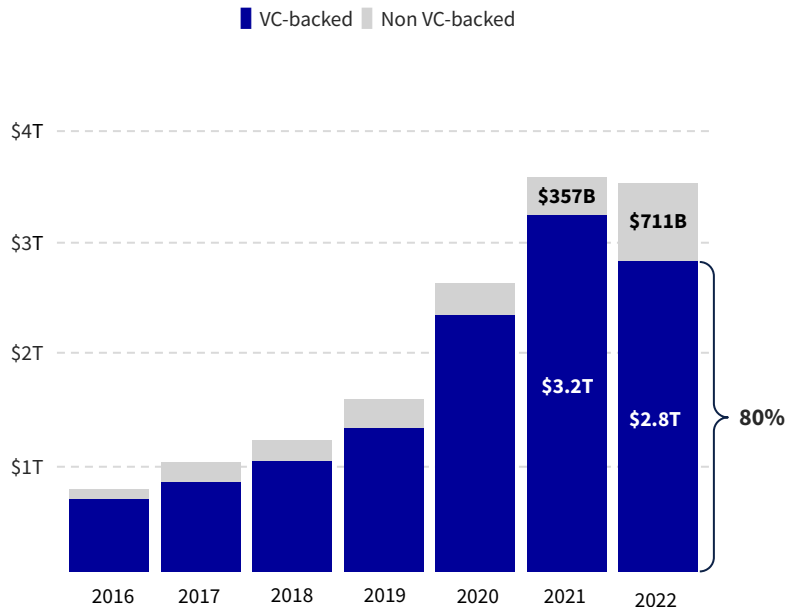
**Visit TCV on [dealroom.co](https://dealroom.co)**

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## **Impact on VC ecosystem and IPO market**

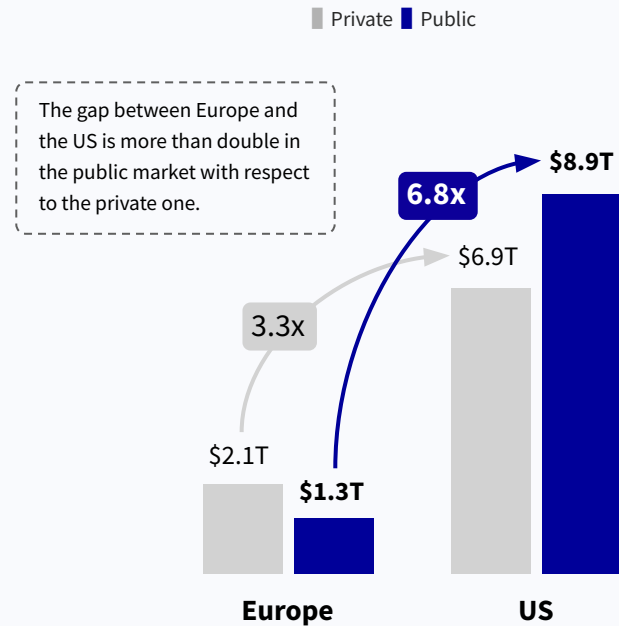
## VC-backed companies continue to dominate value creation in Europe.

Combined enterprise value of European tech companies founded after 1990

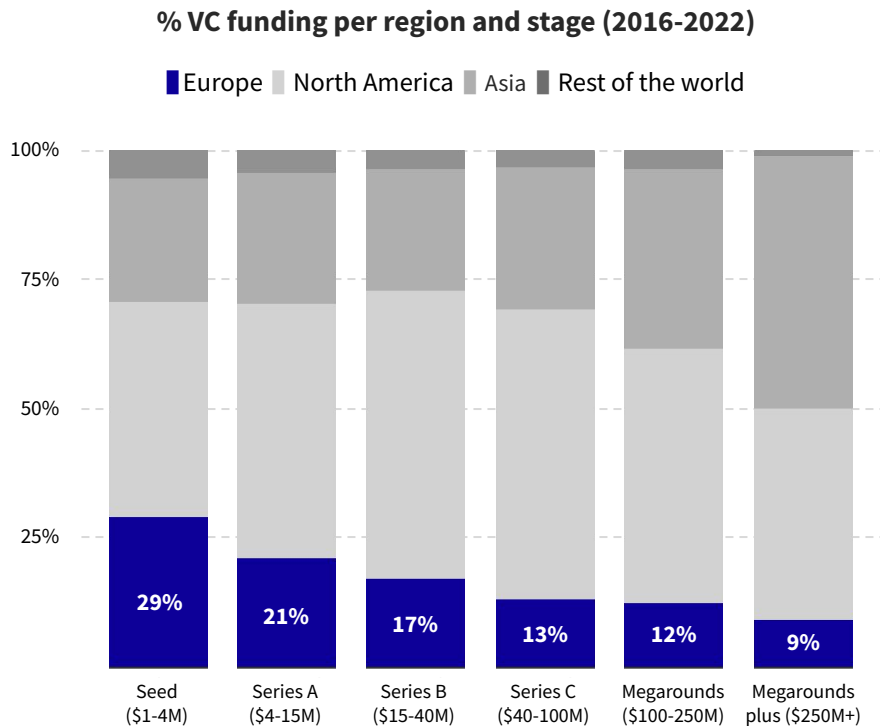


## The gap between Europe and the US is particularly seen in the public markets.

Combined enterprise value of tech companies founded after 1990



## Europe has a considerable late-stage funding gap. More funding from crossover investors could reduce the gap and bridge private and public markets.



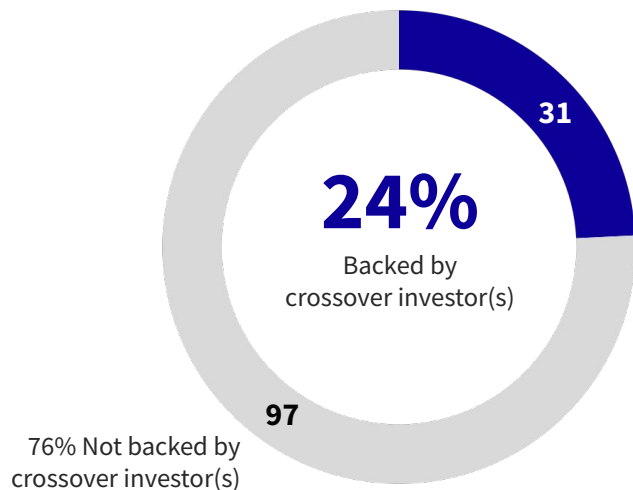
The European share of global VC funding steadily decreases from early- to late-stage. This shows that while Europe thrives in startup creation it still lacks the ability to scale them up.

This gap in late-stage funding is also caused by a lack of specialized European late-stage investors with deep capital pools, which contributes to the gap in public market value creation seen in the previous slide.






Crossover investors can play an essential role in filling the late-stage funding gap and supporting more private value transition to the public markets.

# Crossover investors backed nearly a quarter of the European \$100M+ tech IPOs & SPACs in the last three years.

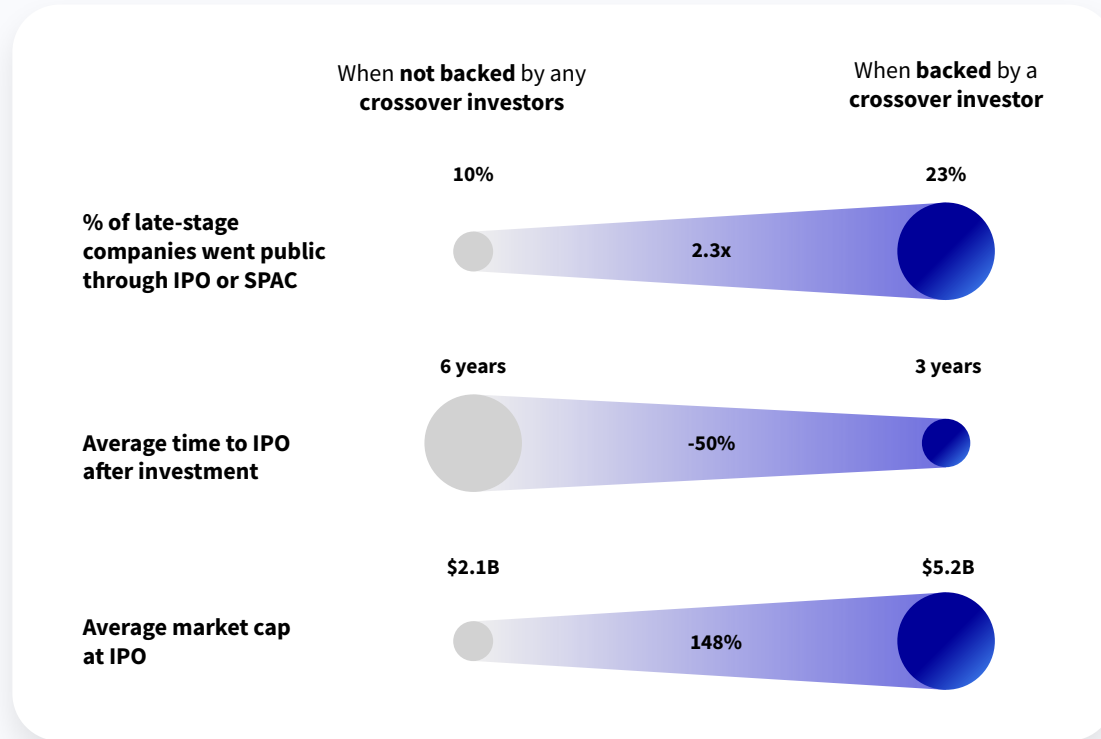
Count of European tech IPOs & SPACs, at a \$100M+ valuation at exit (2020-2022)\*



Top five European IPOs & SPACs with participation from a crossover investor, 2020-2022

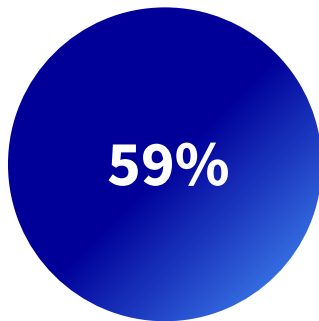
Startup	Market Cap at Public Listing	Crossover investments by
 UiPath™	<b>\$35.5B IPO</b> Apr/2021	T. Rowe Price, Coatue, Tiger Global, Altimeter, Wellington, Dragoneer
 unity	<b>\$13.7B IPO</b> Sep/2020	Altimeter, D1 Capital, Silver Lake
 AUTO1 GROUP	<b>€11.7B IPO</b> Feb/2021	Baillie Gifford, DST Global
 deliveroo	<b>£7.6B IPO</b> Mar/2021	Fidelity, T. Rowe Price, DST Global
 CAZOO	<b>\$7.0B SPAC</b> Aug/2021	Fidelity, Altimeter, BlackRock, D1, Viking Global Investors, Senator

# Late-stage companies backed by at least one crossover investor tend to go public more often, faster and at a higher market cap.

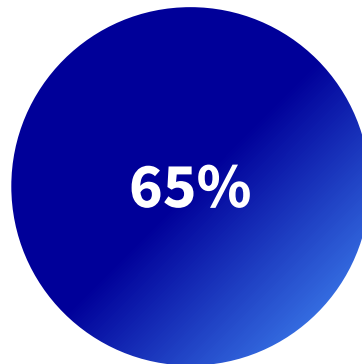


## Crossover investors also tend to follow-up and support their backed companies in private and public markets.

- Crossover investors' first investment is at Series C+ over 60% of the time.
- They then support the company in follow-up late stage rounds in ~60% of the cases.
- In addition to this follow-up support, crossover investors tend to also double down and increase their position in the IPO/SPAC process.




















**Follow-up rate in  
companies went  
public\***



**Follow-up rate in  
companies not exited  
yet, but raised \$500M+  
and a round in last 4 yrs**



# Many of Europe's biggest tech champions have been backed by crossover investors and continued their journey on the public markets.

 <p>HQ: New York City, US Founded: 2005 (Bucharest) Public Listing: 2021 Market Cap at IPO: \$35.8B Crossover: Coatue, Tiger Global, T.Rowe Price, + others.</p>	 <p>HQ: Stockholm, SWE Founded: 2006 Public Listing: 2018 Market Cap at IPO: \$29.5B Crossover: Baillie Gifford, Fidelity, TCV, Dragoneer, DST Global</p>	 <p>HQ: San Francisco, US Founded: 2004 (Copenhagen) Public Listing: 2020 Market Cap at IPO: €13.7B Crossover: Altimeter Capital, D1 Capital, Silver Lake</p>	 <p>HQ: London, UK Founded: 2015 Public Listing: 2021 Market Cap at IPO: \$13.0B Crossover: Fidelity, Blackrock, Wellington</p>	 <p>HQ: London, UK Founded: 2015 Public Listing: 2021 Market Cap at IPO: \$13.0B Crossover: Baillie Gifford, DST Global</p>	 <p>HQ: San Francisco, US Founded: 2014 (Ukraine) Public Listing: 2021 Market Cap at IPO: \$11.0B Crossover: Coatue, TCV, Tiger Global, Two Sigma, Franklin Templeton</p>
 <p>HQ: London, UK Founded: 2011 Public Listing: 2021 Market Cap at IPO: £8.0B Crossover: Baillie Gifford, Fidelity, Blackrock, D1 Capital, Lead Edge Capital</p>	 <p>HQ: London, UK Founded: 2012 Public Listing: 2021 Market Cap at IPO: £7.6B Crossover: Fidelity, T.Rowe Price, DST global</p>	 <p>HQ: London, UK Founded: 1996 Public Listing: 2021 Market Cap at IPO: \$9.0B Crossover: Blackstone</p>	 <p>HQ: Amsterdam, NL Founded: 2006 Public Listing: 2018 Market Cap at IPO: €7.1B Crossover: Temasek</p>	 <p>HQ: Basel, CH Founded: 2014 Public Listing: 2021 Market Cap at IPO: \$7.3B Crossover: Fidelity, Viking Global</p>	 <p>HQ: London, UK Founded: 2018 Public Listing: 2021 Market Cap at IPO: \$7.0B Crossover: Fidelity, Altimeter, Blackrock + others</p>
 <p>HQ: Berlin, GER Founded: 2008 Public Listing: 2014 Market Cap at IPO: €5.3B Crossover: DST Global</p>	 <p>HQ: Manchester, UK Founded: 2004 Public Listing: 2020 Market Cap at IPO: £4.5B Crossover: Blackrock</p>	 <p>HQ: Mainz, GER Founded: 2008 Public Listing: 2019 Market Cap at IPO: \$3.4B Crossover: Fidelity, Temasek</p>	 <p>HQ: Wessling, GER Founded: 2015 Public Listing: 2021 Market Cap at IPO: \$3.3B Crossover: Baillie Gifford</p>	 <p>HQ: Berlin, GER Founded: 2011 Public Listing: 2017 Market Cap at IPO: €1.7B Crossover: Baillie Gifford</p>	<div>Discover other 70+ public European tech companies backed by Crossover Investors</div>

**“ At Flix, we have the ambition to build a company that creates value over decades. To reach this goal, we need partners that support us on this way of sustainable and profitable growth.**

Committed crossover investors like TCV can be strong enablers in both, private and public market environments. They are a great match for our ambition and future growth path.



**André Schwämmlein**  
Flix SE  
Chief Executive Officer  
Co-Founder

**FLIX**

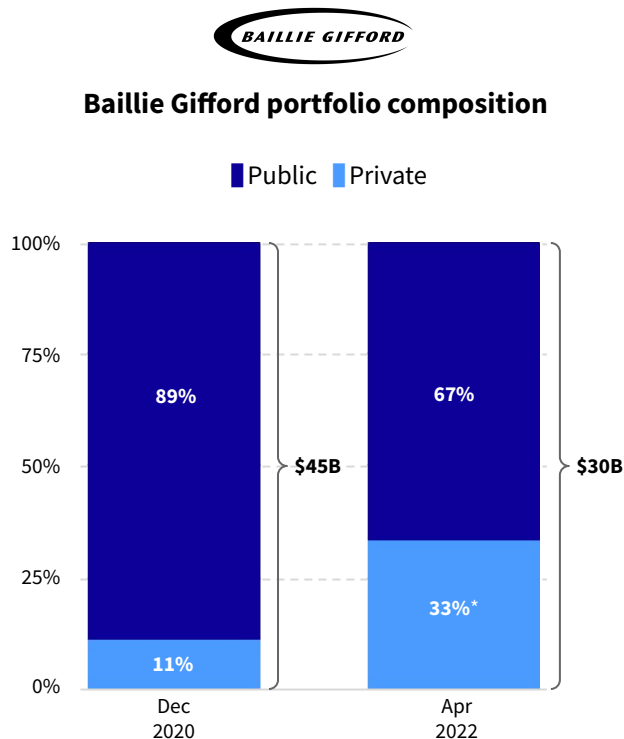


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## **Current developments and outlook**

# Especially crossover investors were challenged in 2022 to rebalance the ratio of their public and private assets in the portfolio composition.

- In 2022, the valuation drop in public markets had a strong impact on the public-private-ratio of crossover investors' portfolios.
- Impact on private market valuations is often delayed as companies extend their runway to avoid down rounds in the current fundraising environment.
- Therefore, the fund composition can shift towards a higher share of private and illiquid investments.
- In the case of Baillie Gifford, the share of private holdings increased 3x from late 2020 to mid 2022.



## Selected portfolio holdings



\*In 2021, Baillie Gifford also increased their overall private holdings, what strengthened the effect on the public-private portfolio composition.

# Tiger Global aggressively increased its investment pace in 2021 and H1 2022 but dialled back as market cooled in H2 2022.

## TIGERGLOBAL

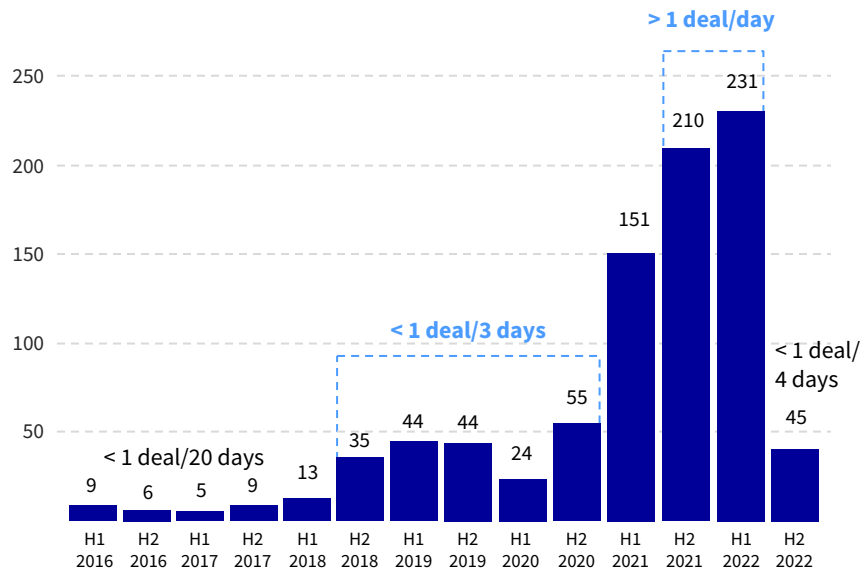
The media headlines dominated **Tiger Global** is one of the most **iconic and controversial** Crossover Investors. The firm is known for its **aggressive and ultra-fast pace investment style**.<sup>1</sup>

At the **peak of their maximum deployment velocity** in H2'21 and H1'22, Tiger signed **more than one deal per business day**.

However, Tiger's **total assets** have **dropped** reportedly by **\$42B in 2022**. Their public portfolio has lost nearly 60% of its value. Tiger has also adjusted the value of its venture holdings by 24%.<sup>2</sup>

Reportedly, Tiger is currently raising a **new \$6B VC capital fund**, which would be its **3rd biggest** to date if finalized, but less than **half the size** of the **predecessor fund**.<sup>3</sup>

Total number of financing rounds with participation from Tiger Global



Source: Dealroom.co. 1) <https://randle.substack.com/p/playing-different-games>

2) <https://www.bloomberg.com/news/articles/2022-11-23/tiger-global-slashes-the-value-of-its-venture-holdings-by-24-as-assets-tumble>

3) <https://techcrunch.com/2022/10/06/as-the-market-cools-aggressive-tiger-global-looks-to-raise-a-fund-thats-half-the-size-as-its-last/>

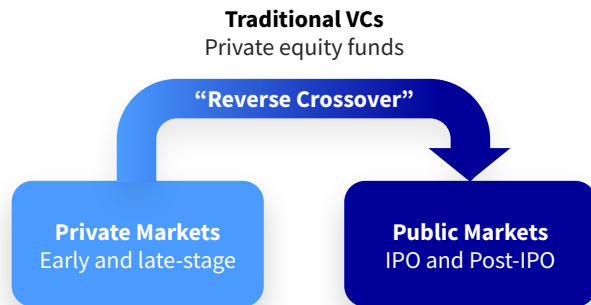
# Some traditional VC funds are also increasingly active in the public market.

## Holding public stocks longer

Some VCs have been active in the public market for a long time holding the stocks of their IPO'ed companies, but new fund structures and the shift to registered investment advisor (RIA), give these VCs more flexibility to invest outside of venture restrictions.

## Buying public tech stocks

VC's are buying up public tech stocks now that valuations have fallen and the private market is stalling. Some public tech stocks have in fact entered "value zone".



## Holding public stocks longer

Examples of registered investment advisor (RIA) funds

SEQUOIA

andreessen  
horowitz

Example of public portfolio holdings

SEQUOIA

snowflake

DOORDASH

ny bank

Unity

## Buying public tech stocks

Doubling down on  
portfolio companies

Accel

Lightspeed

Buying public shares of  
non-portfolio companies

SEQUOIA

andreessen  
horowitz

## Outlook: Crossover investors' activity is expected to gradually come back, but with a less aggressive investment pace and an ongoing convergence of private and public markets.



### Crossover investors are here to stay

Despite the disproportional dip in 2022, crossover investment strategies are expected to stay, most likely with a stronger focus on late-stage rounds in the short-term, closer to their traditional pre-IPO terrain. After the market environment normalizes a continued diversification towards early-stages is anticipated by some market participants.



### Stronger focus on profitability and due diligence

Company valuations paid by crossover investors are expected to be less aggressive as in recent years, combined with a stronger focus on profitability and not only growth. That comes in hand with an increased focus on more detailed due diligence processes.



### Increasing convergence of private and public markets

As growth companies stay private longer, the blurring lines between private and public markets lead to structural changes and progressing convergence. As traditional investor silos break down, private and public investors groups are becoming more interlinked and more crossover activities are expected.

# Contributors



# Deutsche Börse Venture Network

## Capital market readiness for striving growth companies and unicorns.

Deutsche Börse Venture Network is the pre-IPO initiative of Deutsche Börse to support striving growth companies and unicorns on their way to go public. The network unites key expertise in the field of capital market financing, contacts to relevant players and a vast European member base of founders and investors.

From pre-IPO funding and different financing options via the capital market to ESG and sustainability topics: We fuel innovation in the European tech ecosystem as experienced thought leaders and community builders.

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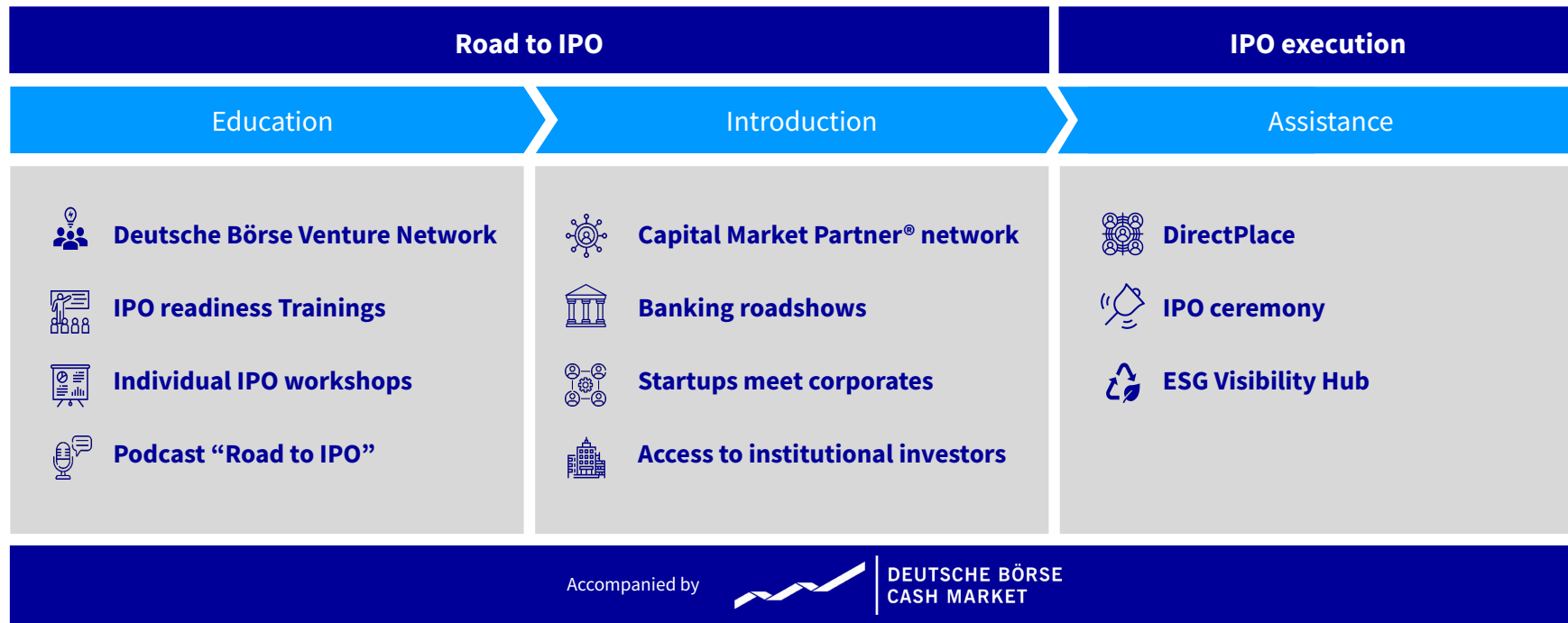
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**Deutsche Börse supports growth companies on their “Road to IPO” and beyond. Join our dedicated capital market readiness formats and leverage our IPO expertise, network and services.**

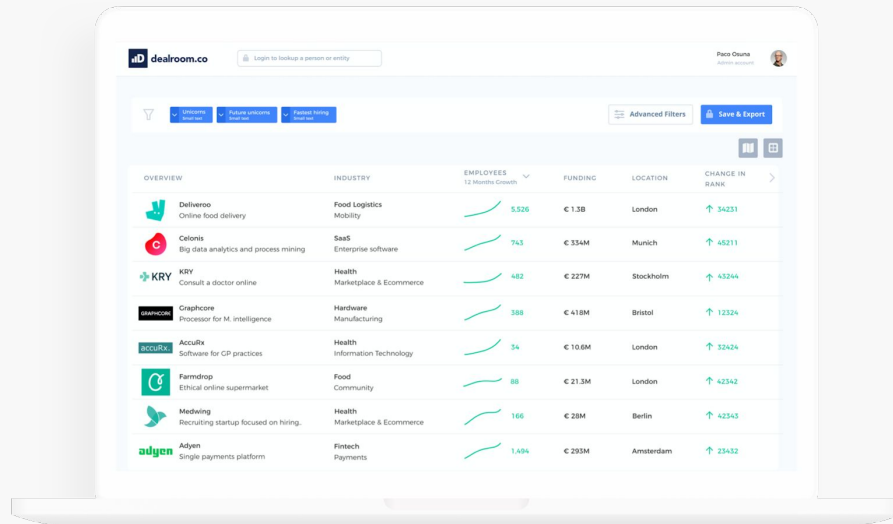


## Global intelligence about promising companies, from startups to unicorns.

Dealroom.co is the foremost data provider on startup, early-stage and growth company ecosystems in Europe and around the globe.

Founded in Amsterdam in 2013, we now work with many of the world's most prominent investors, entrepreneurs and government organizations to provide transparency, analysis and insights on venture capital activity.

Our offerings include data sets via SaaS and API as well as custom reports and bespoke ecosystem platforms.



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# Definitions

## What is a startup?

Companies designed to grow fast. Such companies are VC-investable but not always VC-backed. This report focuses on VC-backed companies for consistency. When startups are successful, they develop into scaleups, and grownups and result in big companies; this is their objective by definition.

**What is a startup?**

## What is a unicorn or \$1B+ exit?

Unicorns or \$1B+ exits are (former) startups that reached a US \$1B valuation or exited at one point in time.

**What is a Unicorn?**

## Venture Capital

Investment numbers refer to rounds such as Early stage (Pre-Seed, Seed, and Series A), Breakout stage (Series B and Series C) and Late stage (Megarounds \$100M+). VC investment figures exclude debt or other non-equity funding, lending capital, grants, ICOs, and SPAC Private Placement.

## Valuation

The combined valuation of the tech ecosystem is based on its market cap or latest transaction value.

Transaction value is realized from an exit or implied unrealized valuation from the latest VC round, which is either announced or estimated by Dealroom based on benchmarks.

## 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. The data on which this report builds is available via [app.dealroom.co](https://app.dealroom.co). For more info please visit [dealroom.co](https://dealroom.co) or contact [support@dealroom.co](mailto:support@dealroom.co).

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