

SOCIAL AND ECONOMIC PERFORMANCE OF FRENCH DIGITAL STARTUPS

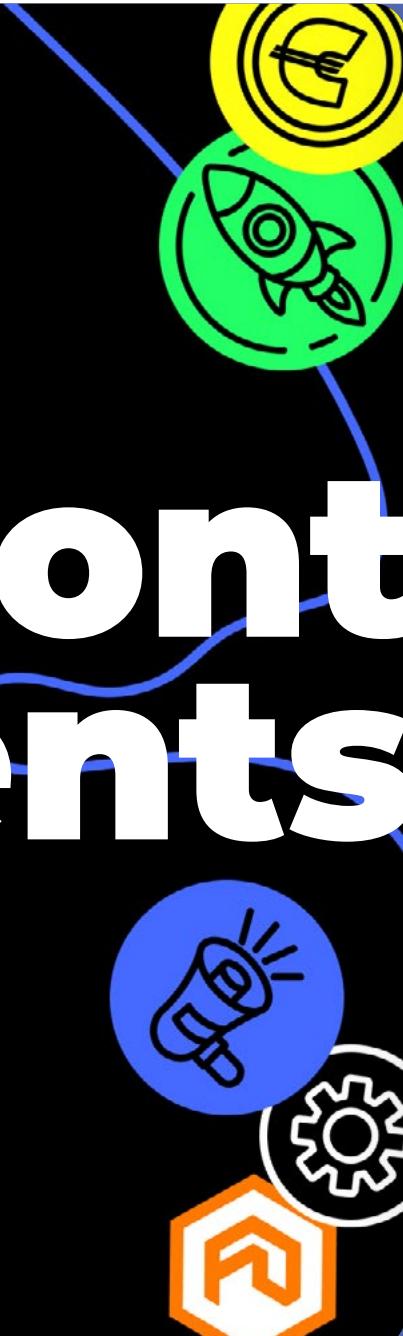
BAROMETER 2022



Building a better
working world



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Editorial

For the 11th edition of the barometer, 583 startups answered to the survey. Below are the key messages:

Growth: The light at the end the tunnel?

After a covid-19 crisis during which the French Tech showed its resilience, French digital startups challenge is to renew with growth. Between 2021 and 2020, the revenue recorded by the respondents increased by 23%, reaching €8 billion. The proportion of revenue generated abroad slightly decreased compared to the previous edition of our barometer with 31% of revenue generated abroad (vs. 36%). Moreover, startups CEOs are optimistic as 39% of them expect to multiply their revenue at least by 2.

Startups fund raisings pursued its growth as the average amount raised since their creation as of 2021 is €32 million compared to €18 million as of 2020. Investing in product and technology is the main use of fund raised right before recruiting new talents. 71% of respondents considered getting additional financing through bank loan to finance their activities.

However, multiple economic factors (PGEs first reimbursement, raw material price rise, inflation...) highly impacted the respondents cash runway: 62% of them declared their cash runway is shorter or equal to 12 months. This mainly concerns startups generated less than €5 million of revenue.

Startups keep recruiting and looking for talents

In 2021, the number of talents working in the respondent startups rose by 20% reaching 36,669 employees. In 2021, 6,056 jobs were created by the respondents to our barometer, 87% of them were hired in France. However, 75% of French startups are employing foreigners.

Gender diversity is a key focus area of improvement of startups: 14% of respondents CEOs are women (vs. 11% last year). In addition, 31% of respondents are employing people above 55 years old and 21% people with a disability.

2022 is going to create new opportunities for employees as 98% of respondents planned to recruit within the coming year. The most wanted profiles are the sales/marketing/customer success (according to 44% of respondents) and the most difficult to find is clearly the programmer/developer (according to 58% of respondents).

Editorial

Technological challenges

In 2021, 37% of participants have suffered from cyberattacks (vs. 13% in 2020) and 1/3 have implemented new cybersecurity protocols since the war in Ukraine started. Data centers are located in Europe exclusively for 69% of respondents. In a context where data sovereignty is becoming critical, 65% respondents feel dependent to GAFAM compared to 73% in our previous barometer.

French ecosystem public support and procurements

French tax incentives continue to be attractive for French digital startups : 58% of participants use research tax credit, 45% use innovation tax credit and 49% obtained the "Young Innovative Company" label. These public supports are used by most of the startups whatever their maturity stage.

Only 50% of French digital startups responded to public tenders. A majority of respondents (54%) consider public tenders' criteria are not adapted to startups. However, 56% of respondents would like to resort more to public procurements.

Climate and sustainability are becoming priorities for more and more startups, 37% of respondent measured their environment impact. We can also notice than 33% of respondents labelled Corporate mission.

Focus on France Digitale's 10th anniversary

We asked the participants to the study what were the most important changes in entrepreneurship the past years. Without any surprise, the growth of funding capacity is the first answer. The growth of support structures such as incubators and accelerators, and the rise of French entrepreneurial leaders and mentors are coming second and third.

If we take a look forward, the challenge for the next 10 years recruiting new talents for a majority of respondents, and the narrowness of the French market and a lack of European market with unified regulation.



Partner
France Digitale Board Member



Partner, EY & Associés
France Digitale Advisory Board
franck.sebag@fr.ey.com



Methodology

Methodology



The barometer is based on startups fulfilling the following criteria:

📍 Head office based in **France**

⌚ **Not listed** or listed for **less than 5 years**

⌚ Industry linked to the **digital sector**

📅 Key figures from financial data **2021 & 2020**

Surveyed between May 15, 2022 to August 15, 2022

Resulting in:

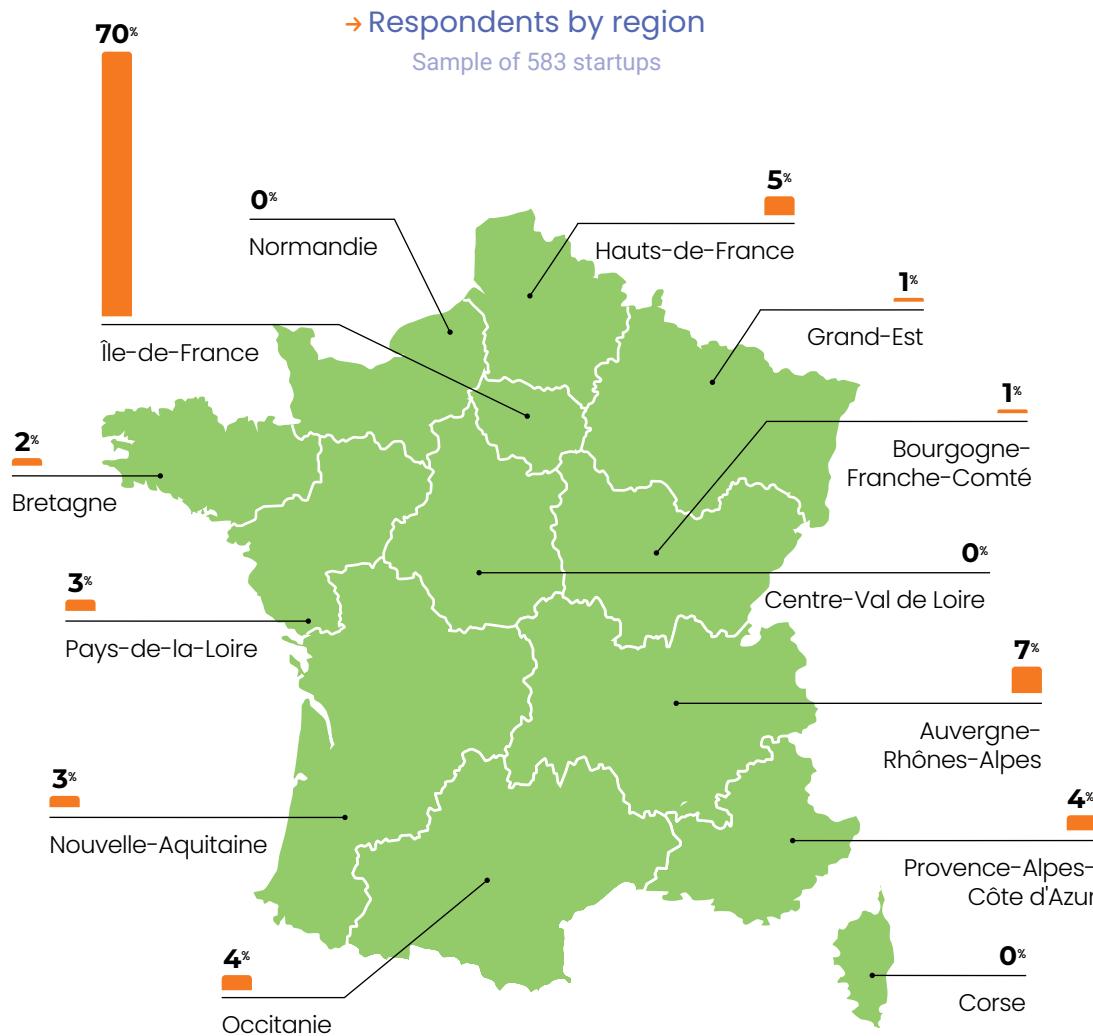
👤 **583** participants (823 participants in 2021)

🎂 Average age: **7 years** (6 years in 2021)

EY is implicated as a third-party to consolidate the data and ensure that the individual information is kept confidential.

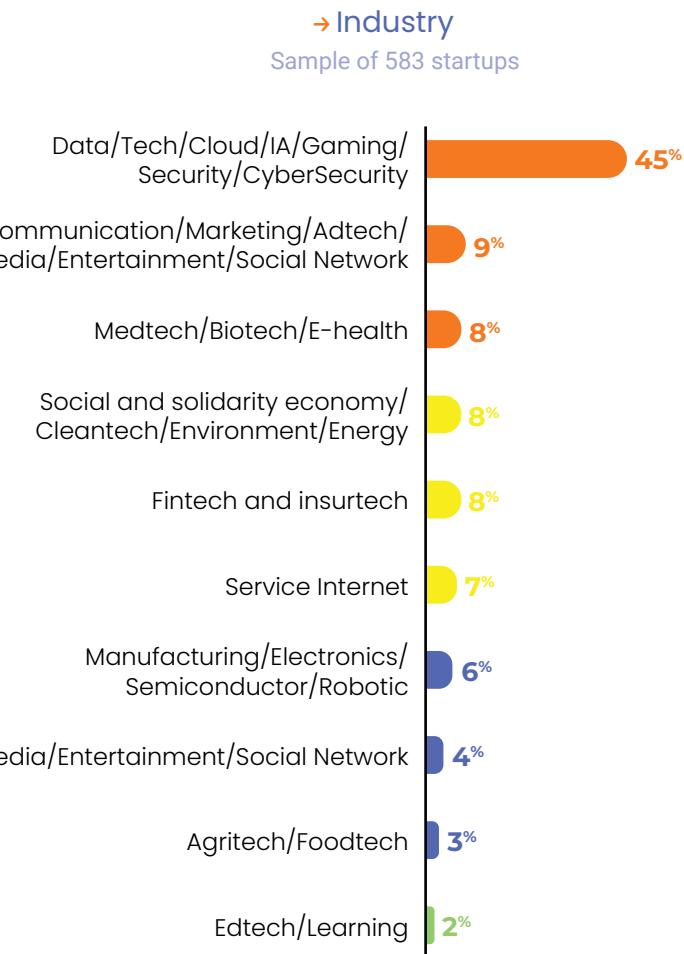
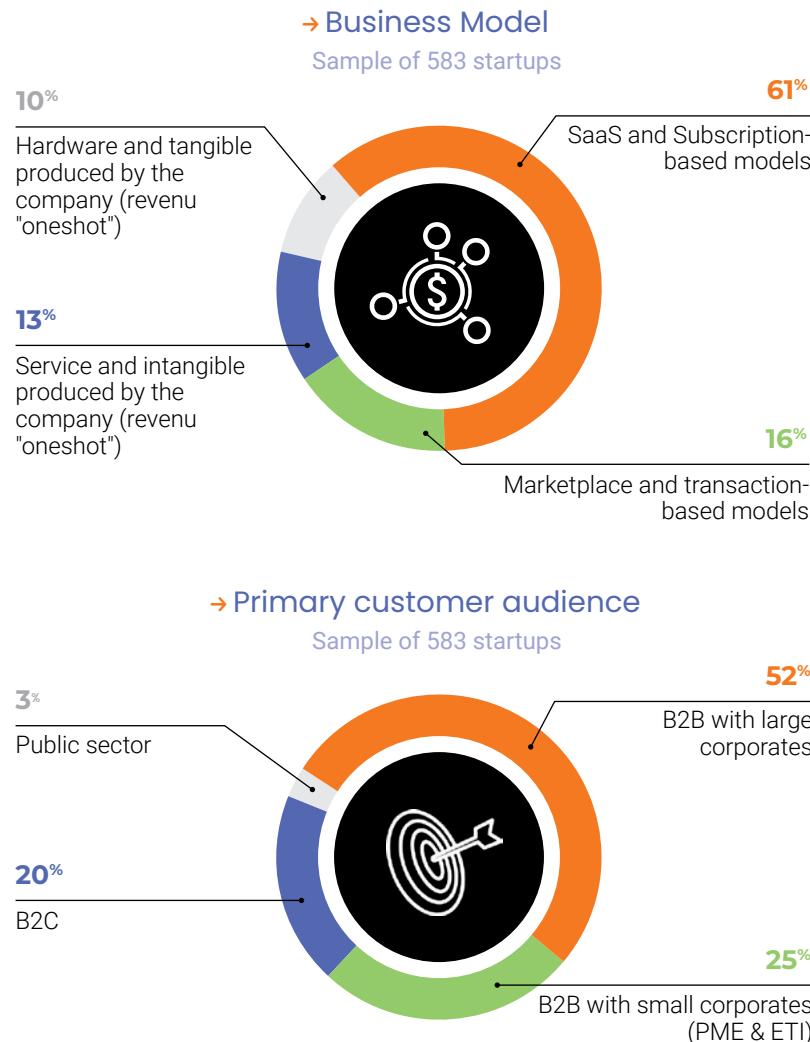
METHODOLOGY

Respondents by region and age



METHODOLOGY

Respondents industries and business model



Executive summary



EXECUTIVE SUMMARY



Growth: The light at the end the tunnel?

- **+23%** of revenues between 2020 and 2021
- **31%** of revenues are generated out of France in 2021
- **39%** of startups expect, at least, to multiply by 2 their revenue in 2022
- **€32M** of average fund raised since the creation
- **64%** of startups are VC backed
- **22%** of respondents had positive EBITDA in 2021 (vs 24% in 2020)
- **62%** of startups cash runway is shorter or equal to 1 year



Technological challenges

- **37%** of startups suffered from cyber attacks in 2021
- **44%** of IT servers are hosted on private cloud
- **85%** of startups data centers are located in the EU
- **65%** of startups feel dependent to GAFAM



Startups keep recruiting and looking for talents

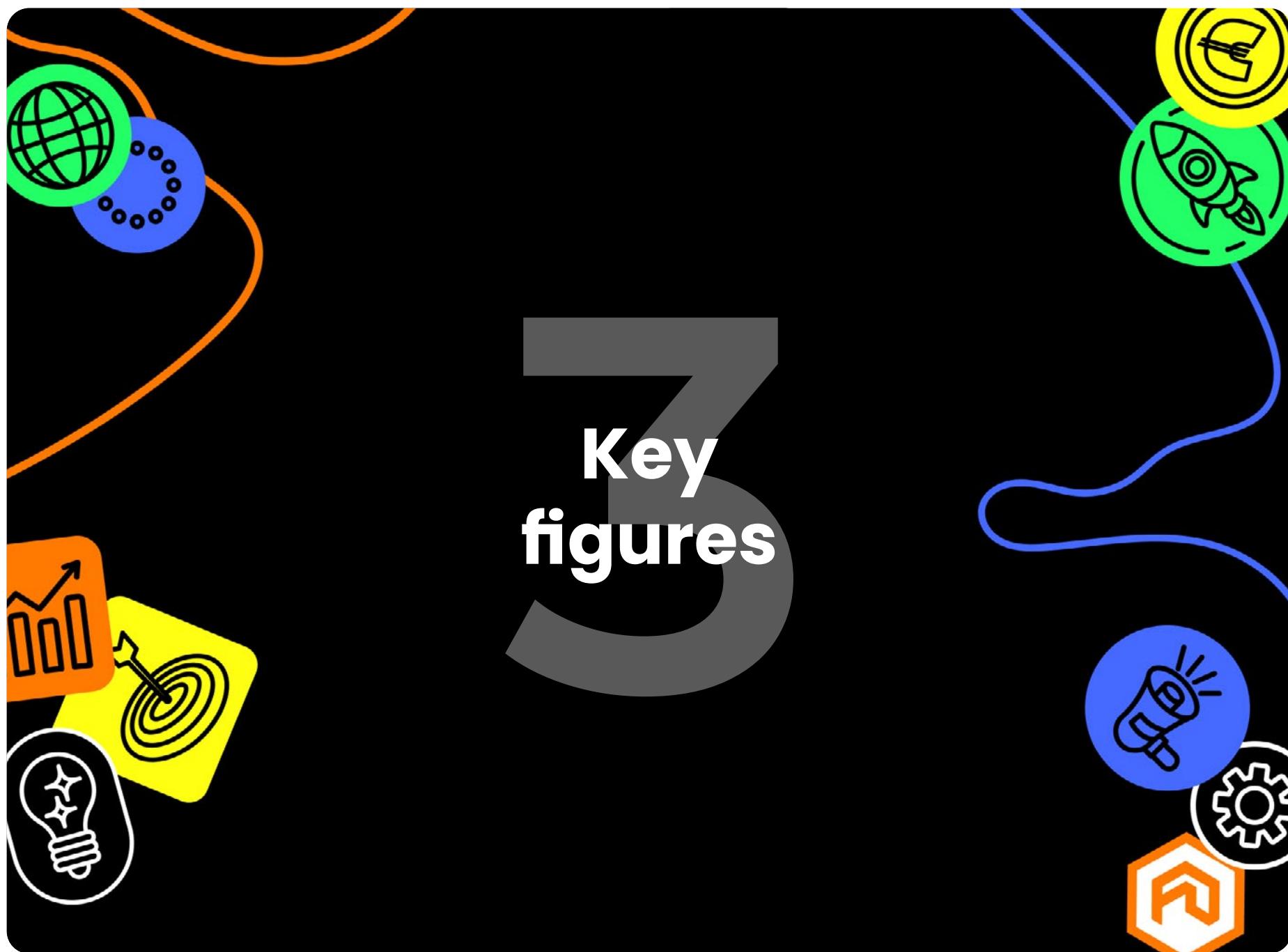
- **+20%** of growth of number of employees between 2020 and 2021
- **6,056** jobs were created by respondents in 2021
- **13%** of employees hired abroad in 2021
- **14%** of CEOs are women (vs 11% in 2021)
- The most important profiles to recruit in 2022 remain the **sales/marketing/Customer Success** as well as the most difficult profiles to recruit are the **programmer/developer**
- **68%** of startups have regular or customized remote working practices



French ecosystem public support and procurements

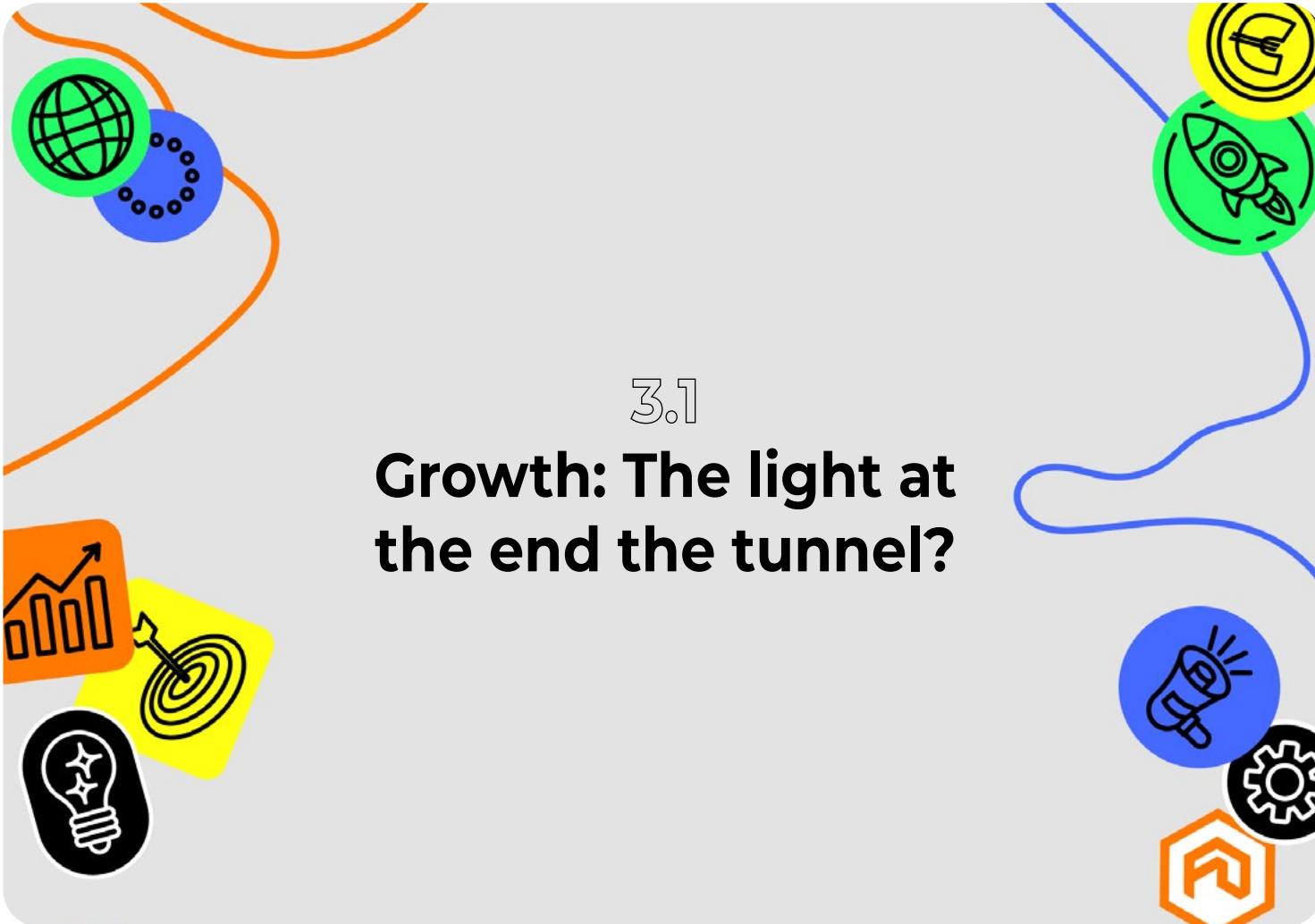
- **58%** of startups use research tax credit in 2021
- **84%** of startups are not benefiting from Pass Talent/Visa French Tech
- **50%** of startups responded to public tender in 2021
- **56%** of startups would like to resort more to public procurements
- **37%** of the startups measured their environmental impact

7 Key figures



3.1

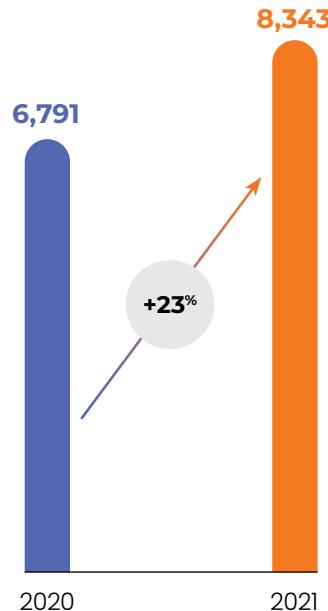
Growth: The light at the end the tunnel?



3.1 GROWTH: THE LIGHT AT THE END THE TUNNEL?

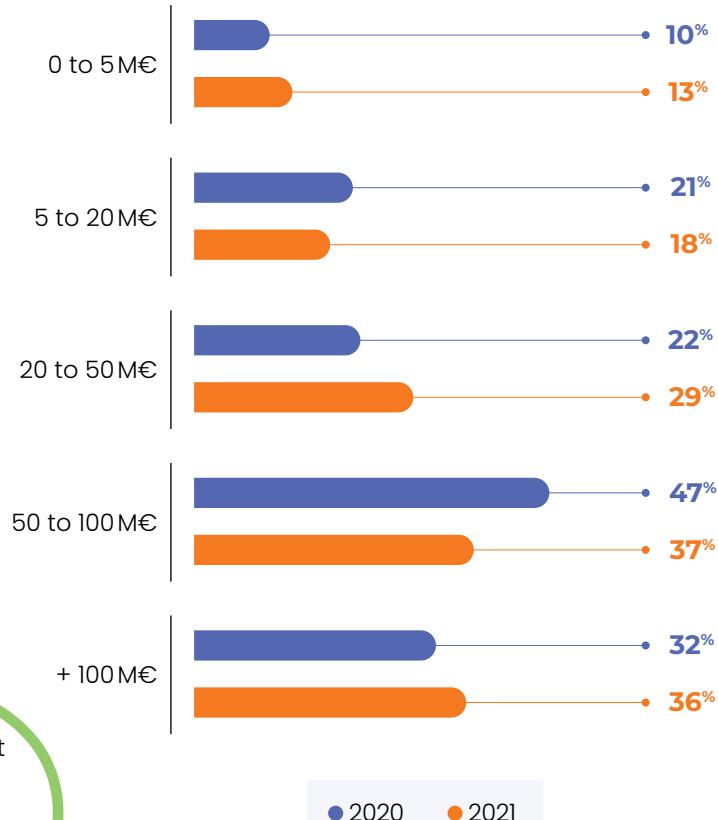
→ Total revenues (in M€)

Sample of 510 startups



→ Percentage of revenue made abroad, by revenue segment

Sample of 510 startups



+23%
2022 EDITION

+15%
TOP 5

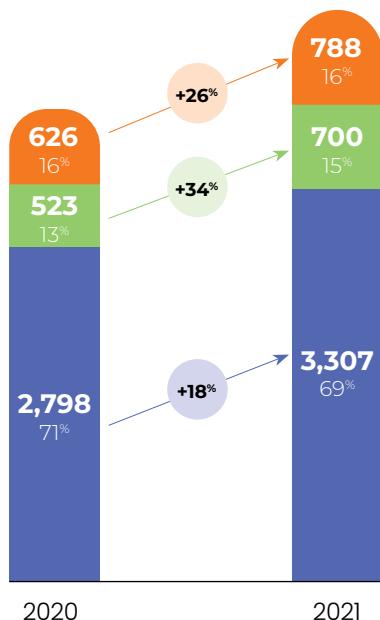
+25%
EXCLUDING
TOP 5

4 centaurs
(+100M€ revenue) are part
of our sample. All of them
increased their revenue
during 2021, with an aggregate
increase of **861M€** (+25%
compared to 2020).

3.1 GROWTH: THE LIGHT AT THE END THE TUNNEL?

→ Growth of revenue by geographical area

Sample of 294 startups



- France
- Europe (exc. France)
- International (exc. Europe)

→ Revenues generated abroad by revenue segment

Sample of 324 startups

Hardware and tangible produced by the company (revenu "oneshot")



Marketplace and transaction-based models



SaaS and Subscription-based models



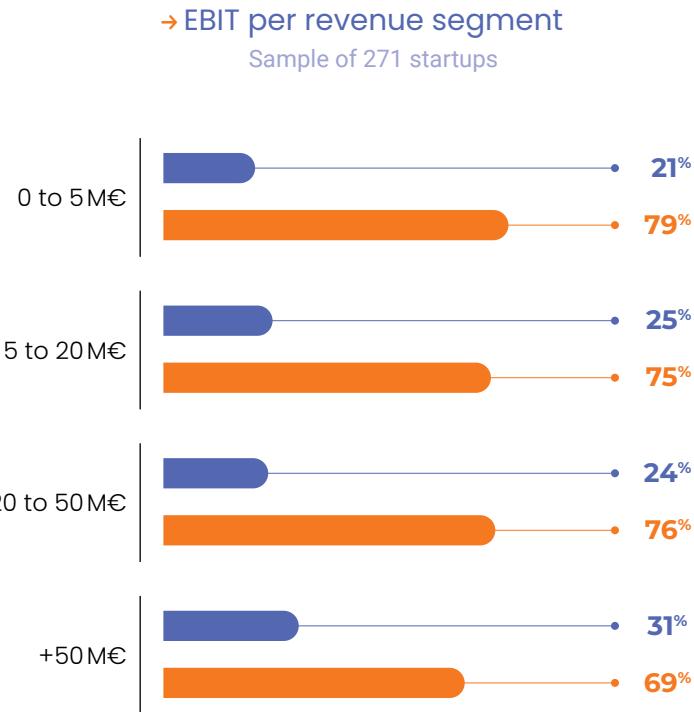
Service and intangible produced by the company (revenu "oneshot")



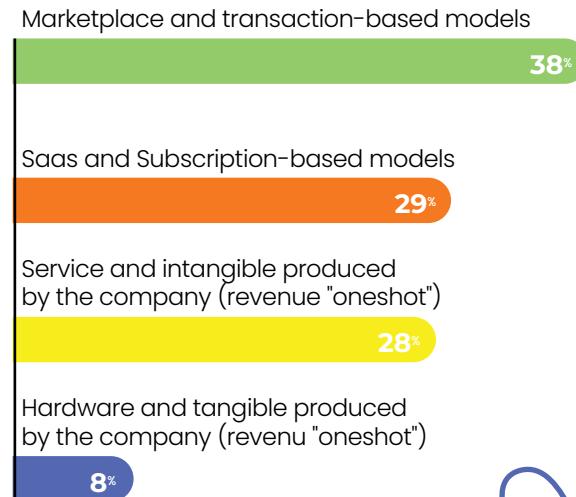
31%
OF REVENUE
GENERATED OUT
OF FRANCE
IN 2021

- France
- Europe (exc. France)
- International (exc. Europe)

3.1 GROWTH: THE LIGHT AT THE END THE TUNNEL?



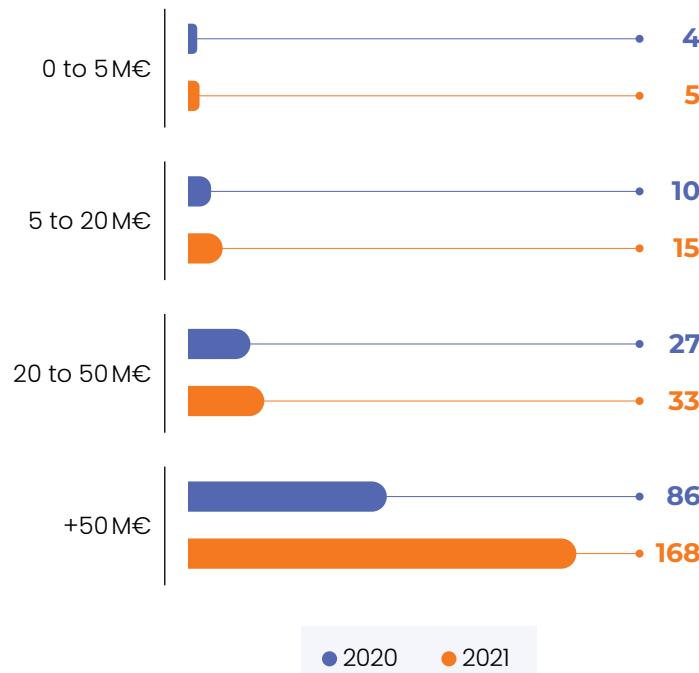
In average, 22% of startup had a positive EBIT in 2021. It reached 31% for the startups generated more than 100M € revenue



3.1 GROWTH: THE LIGHT AT THE END THE TUNNEL?

→ Average amount of funds raised since the creation, by revenue segment (in M€)

Sample of 325 startups



€32M

is the average amount of funds raised since the creation until 2021 (vs. €18M in 2020)

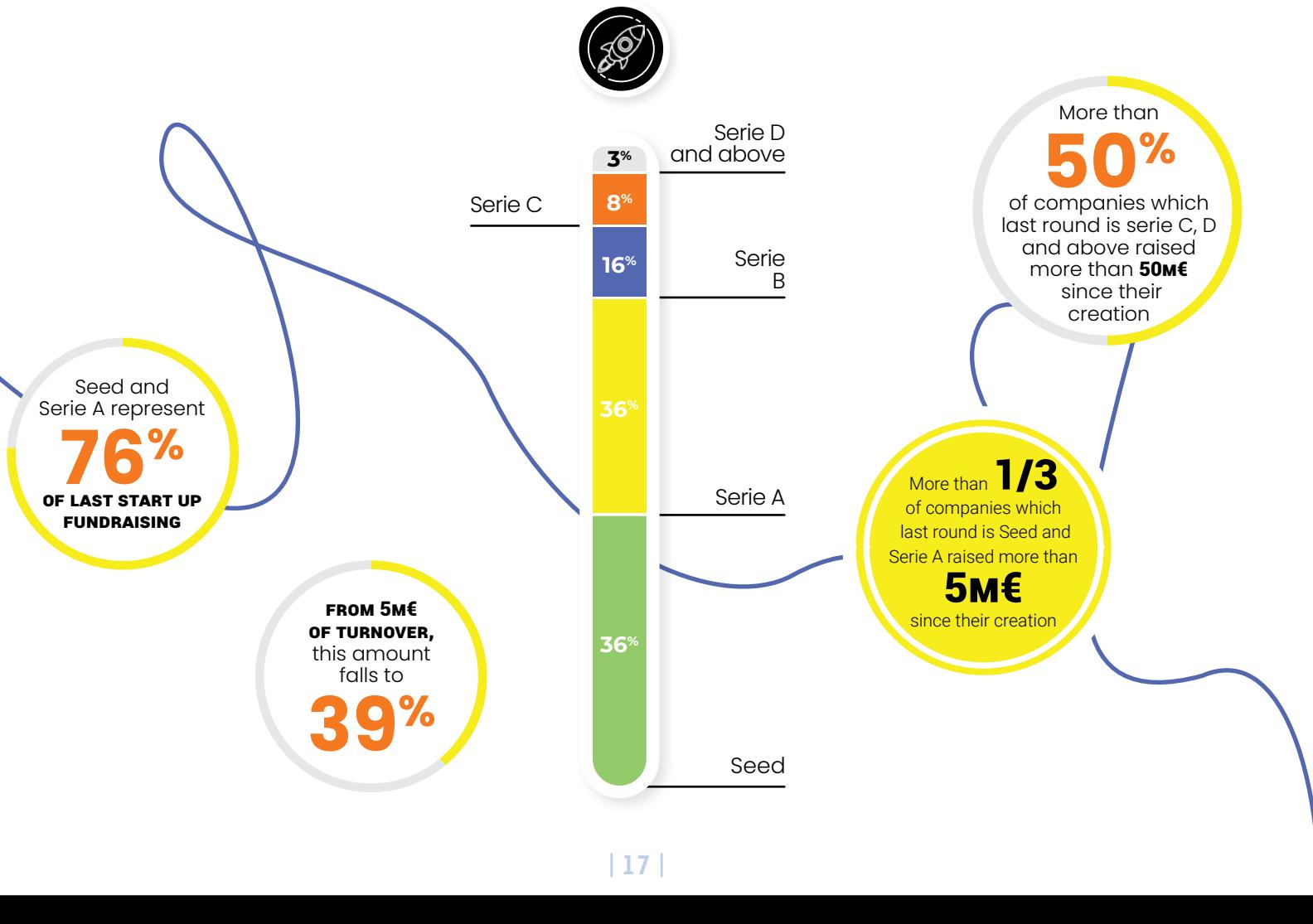
| 16 |

During 2021, large round of fundraising occurred, with several IPO

3.1 GROWTH: THE LIGHT AT THE END THE TUNNEL?

→ Last round of fundraising

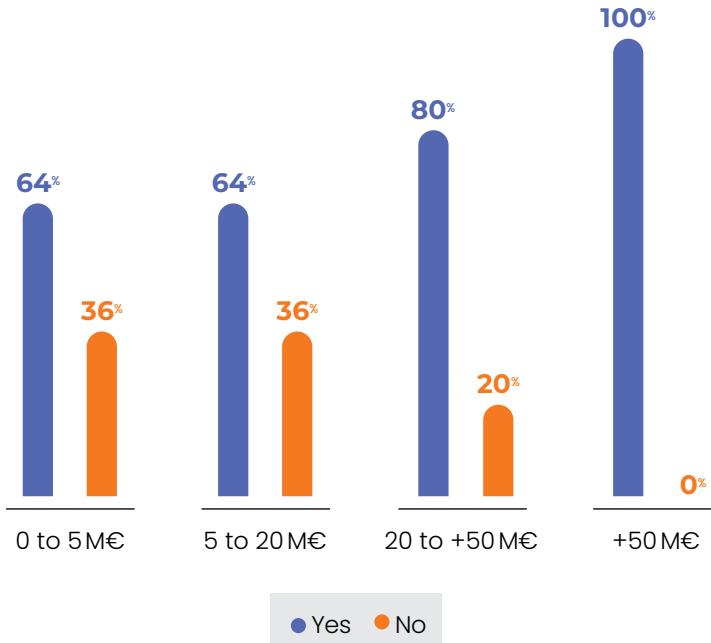
Sample of 412 participants



3.1 GROWTH: THE LIGHT AT THE END THE TUNNEL?

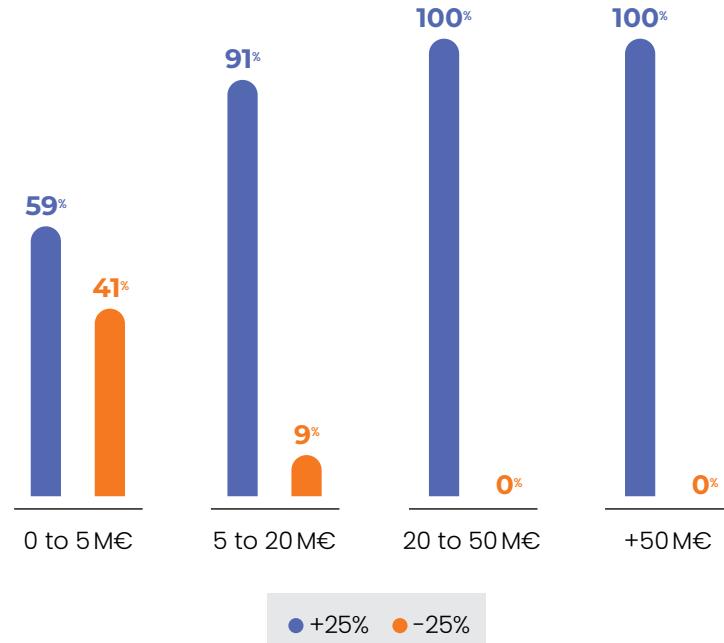
→ Equity hold by employee by revenue segment

Sample of 250 startups



→ VC which hold 25% of equity or more by revenue segment

Sample of 250 startups



45%
OF FOUNDERS HOLD
MORE THAN 50%
OF EQUITY

100%
STARTUPS WITH
MORE 50M€ REVENUS
OFFER EQUITY
INCENTIVES
TO EMPLOYEES

More than
65%
OF STARTUPS OFFER
EQUITY INCENTIVE
TO THEIR
EMPLOYEES

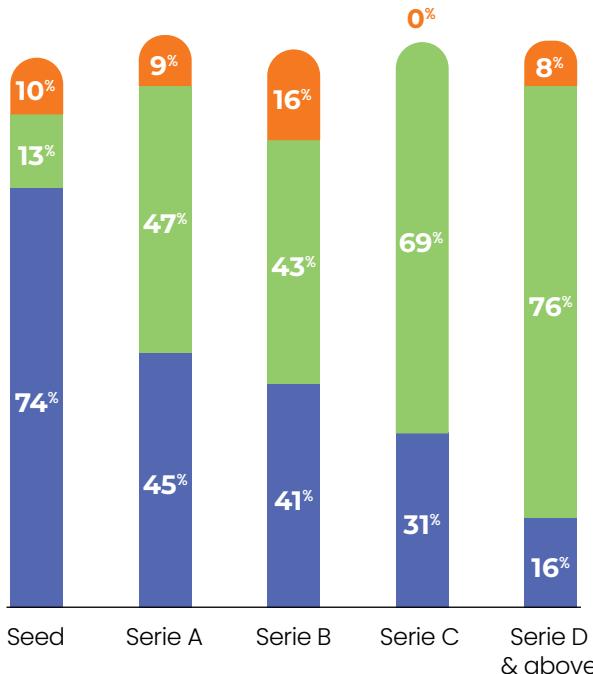
64%
OF STARTUPS HAS
VENTURE CAPITALISTS
(VCS) HOLDING
MORE THAN 25%
OF EQUITY

10%
HAS BUSINESS
ANGELS HOLDING
MORE THAN 25%
OF EQUITY

3.1 GROWTH: THE LIGHT AT THE END THE TUNNEL?

→ Equity ownership by stage of fund raised

Sample of 294 startups



- Equity owned by firm and employee
- Equity owned by external (VC, investment fund...)
- Debt

After the first serie, equity owned by founders and employees is below 50%

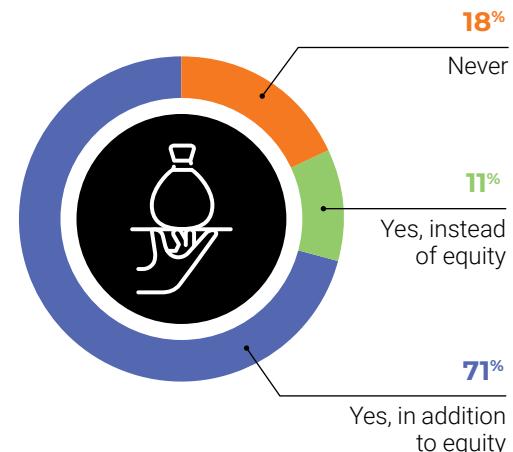
→ Main fundraising goal

Sample of 109 startups



→ Considered getting a bank loan to finance your activities ?

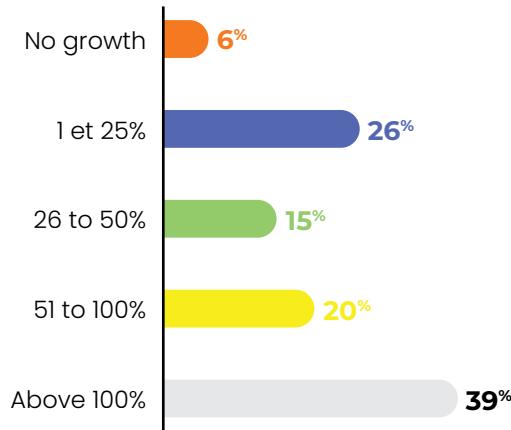
Sample of 167 startups



3.1 GROWTH: THE LIGHT AT THE END THE TUNNEL?

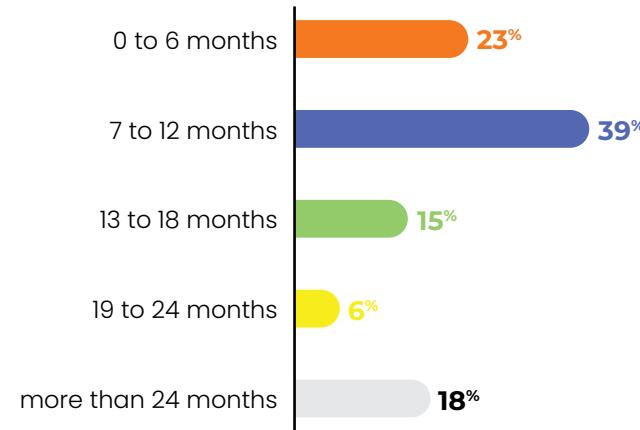
→ Expected growth revenue in 2022

Sample of 109 startups



→ Current cash runway

Sample of 107 startups



39% of startups expect, at least, to multiply by 2 their revenue in 2022. This trend is noted for any stage of maturity



The **23%** of startups which cash runway is shorter than 6 months are mostly generating less than 5M€ of revenue

62% of startups cash runway is shorter than 1 year

50% of startups generating at least 5M€ of turnover have a current runway **ABOVE 1 YEAR**

3.2

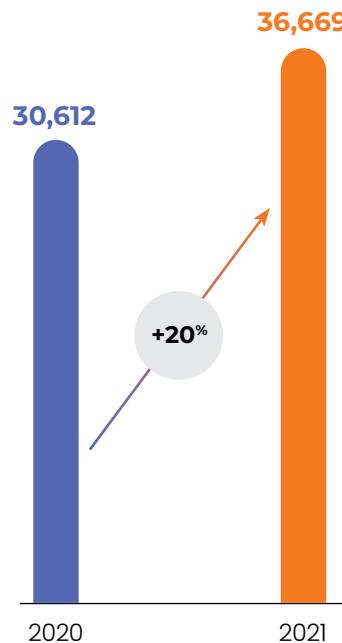
Startups keep recruiting and looking for talents



3.2 STARTUPS KEEP RECRUITING AND LOOKING FOR TALENTS

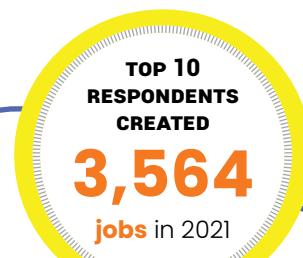
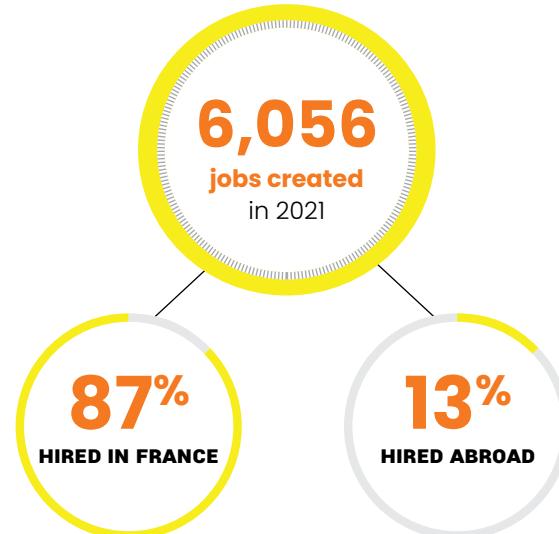
→ Growth of employees

Sample of 390 participants



→ Segmentation of employees by geographical area

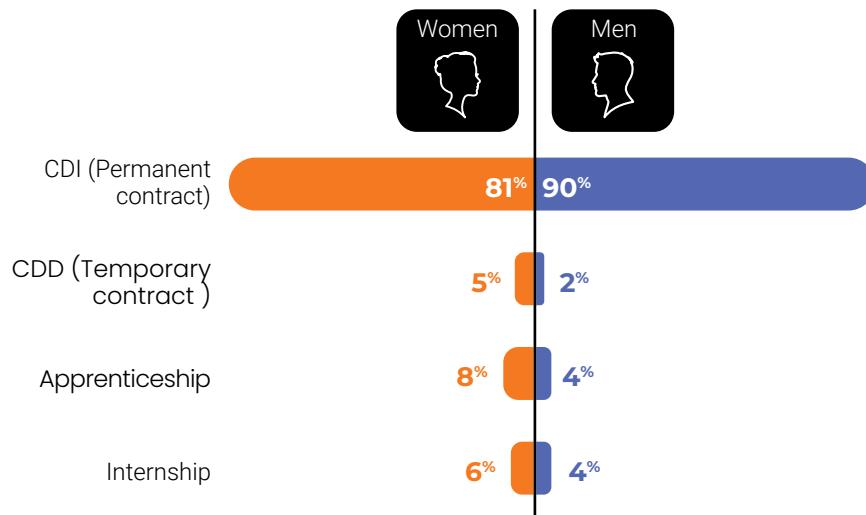
Sample of 390 startups



3.2 STARTUPS KEEP RECRUITING AND LOOKING FOR TALENTS

→ Type of work contracts

Sample of 139 participants



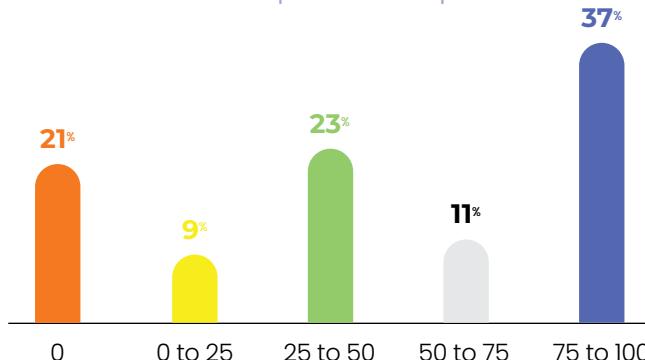
→ Part of women employees in 2021

Sample of 139 participants



→ Gender equality scoring from 0 to 100 (index professionnel de l'égalité entre les hommes et les femme, ie EGAPRO)

Sample of 57 startups



Among a sample of
2,884
EMPLOYEES

1,052
ARE WOMEN

representing
36%
OF THE POPULATION

37% of the startups have a score of at least 75pts

3.2 STARTUPS KEEP RECRUITING AND LOOKING FOR TALENTS

→ Women Chief Executive Officer

Sample of 172 startups



11%
2021
Edition

10%
2020
Edition

7%
2019
Edition

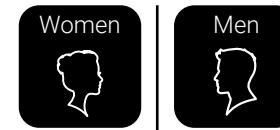
9%
2018
Edition

14%
2022
Edition

Compared
to last year, we noted
an increase of **3%**
5% in 5 years

→ Segmentation of CEO gender by revenue segment

Sample of 108 startups



0 to 5M€

15% **85%**

5 to 20 M€

8% **92%**

20 to 50M€

0% **100%**

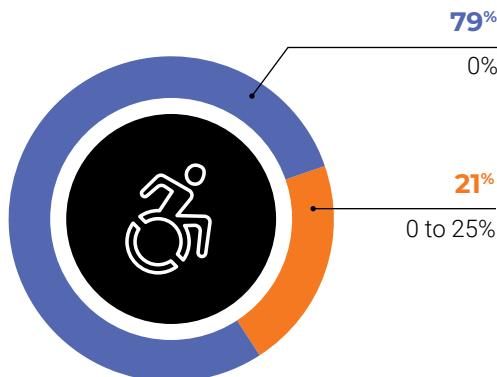
+50M€

0% **100%**

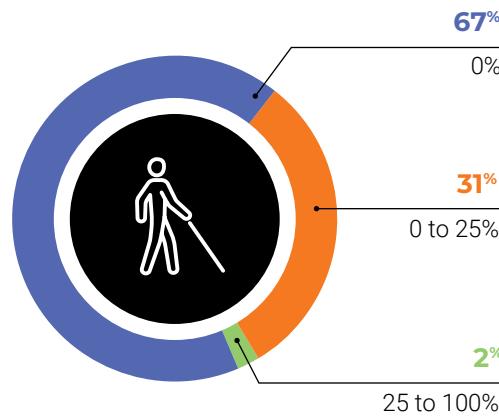


3.2 STARTUPS KEEP RECRUITING AND LOOKING FOR TALENTS

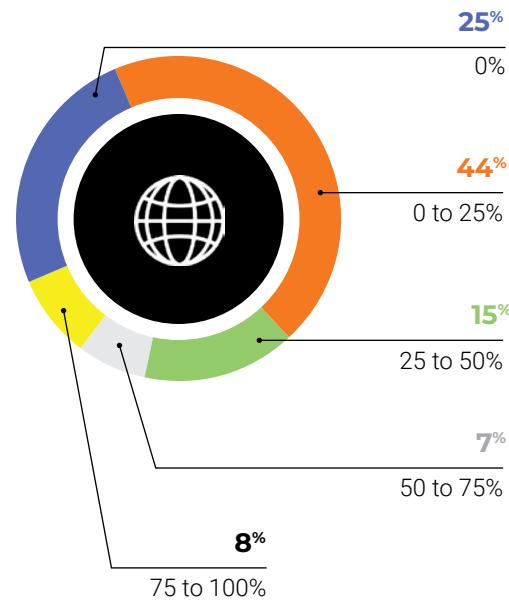
→ Percentage of employees with a disability
Sample of 89 startups



→ Percentage of employees above 55 years old
Sample of 89 startups



→ Percentage of foreign employees
Sample of 89 startups

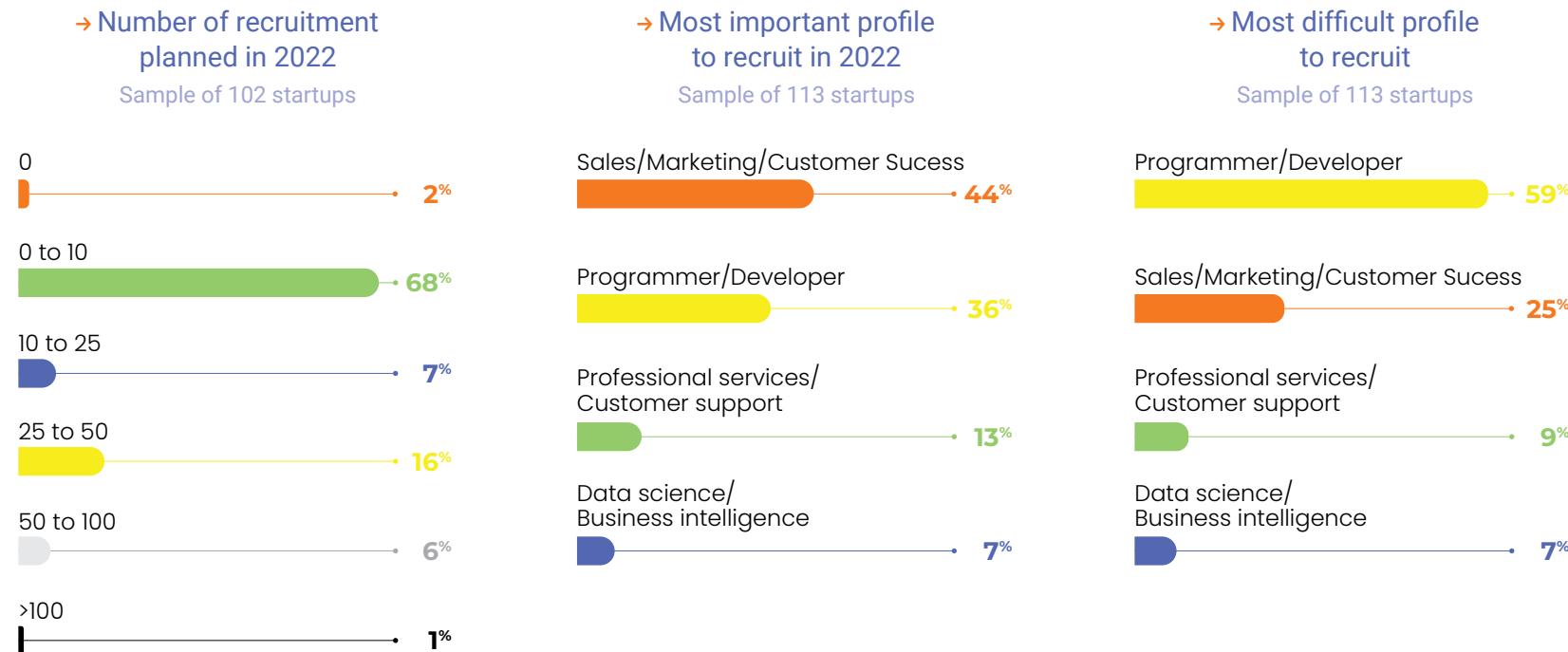


21% of the startups have at least an employee with a disability and 79% have none

33% of the startups have at least an employee above 55 years old and 67% have none

75% of the startups have at least an employee with a foreign nationality

3.2 STARTUPS KEEP RECRUITING AND LOOKING FOR TALENTS



98% of startups plan to recruit in 2022

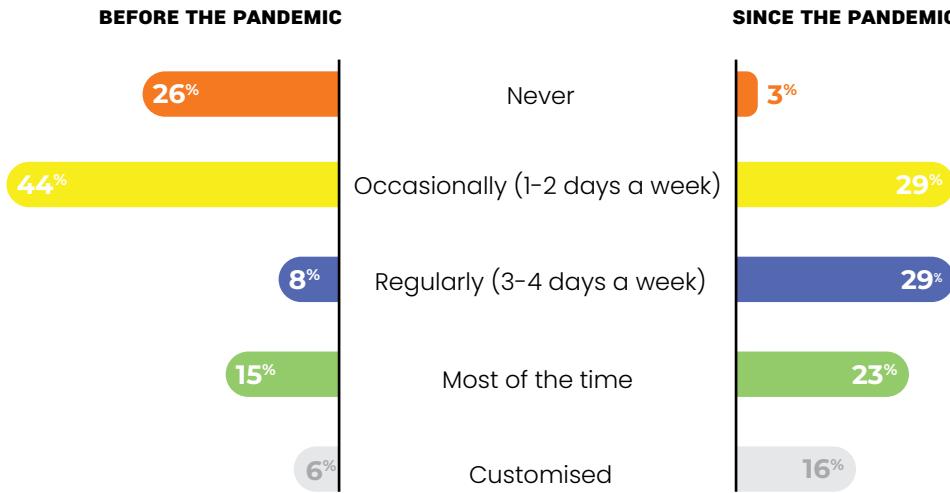
80% of startups consider sales and marketing and, programmer and developer, the most important profiles to recruit

58% of startups consider programmer and developer the most difficult profile to recruit

3.2 STARTUPS KEEP RECRUITING AND LOOKING FOR TALENTS

→ Remote working frequency

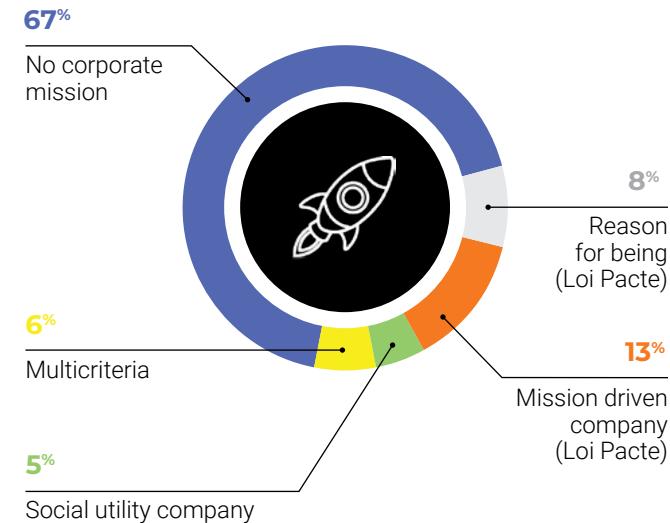
Sample of 106 respondents



Only 3% of the startups never work remotely after the pandemic versus 26% before

→ Percentage of start up labelled Corporate mission

Sample of 168 startups



33%

of the startups are labelled corporate mission

3.3

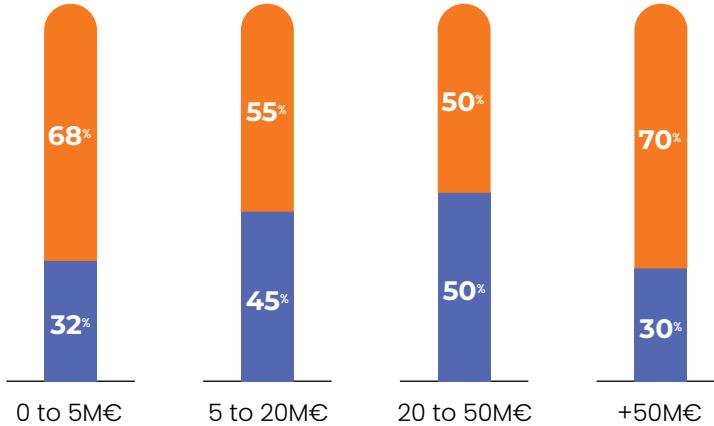
Technological challenges



3.3 TECHNOLOGICAL CHALLENGES

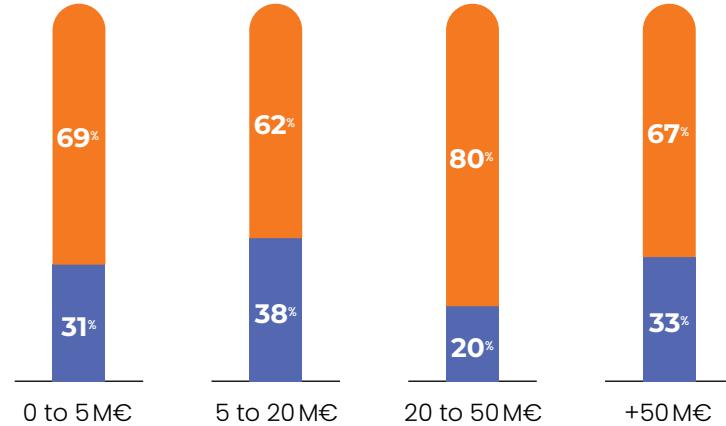
→ Cyberattacks by revenue segment

Sample of 223 startups



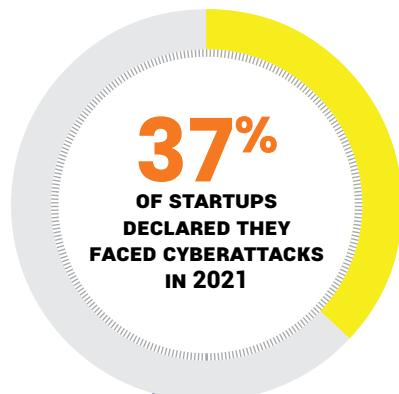
→ New cybersecurity protocols since Ukraine war per revenue segment

Sample of 109 startups



● Yes ● No

● Yes ● No

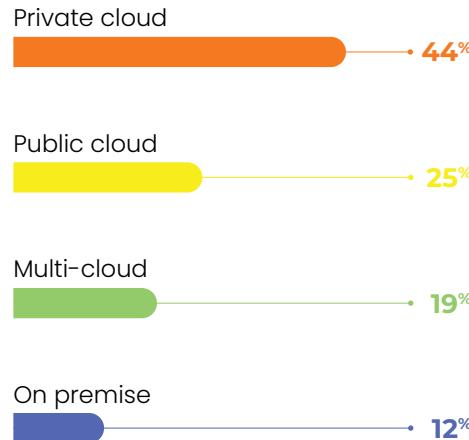


Almost **1/3** of the startups have implemented new cybersecurity protocols since the war in Ukraine

3.3 TECHNOLOGICAL CHALLENGES

→ IT servers location type

Sample of 139 respondents



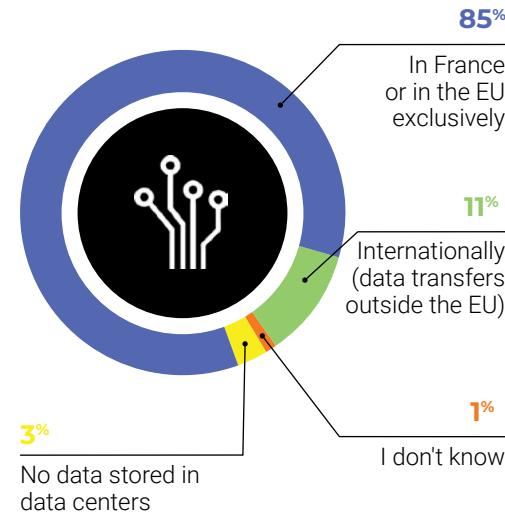
→ Cloud providers location

Sample of 112 startups



→ Data center hosted location

Sample of 108 respondents



More than **1/3** of startups servers are located on private cloud

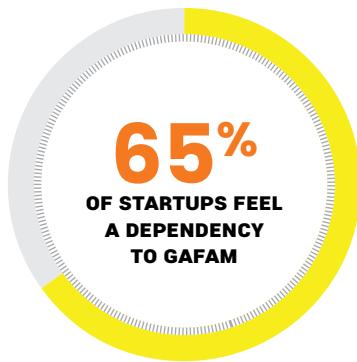
69% of startups are using cloud providers located in Europe

85% of the data centers are located on the EU

3.3 TECHNOLOGICAL CHALLENGES

→ How strong do you feel dependent to GAFAM

Sample of 107 startups



3.4

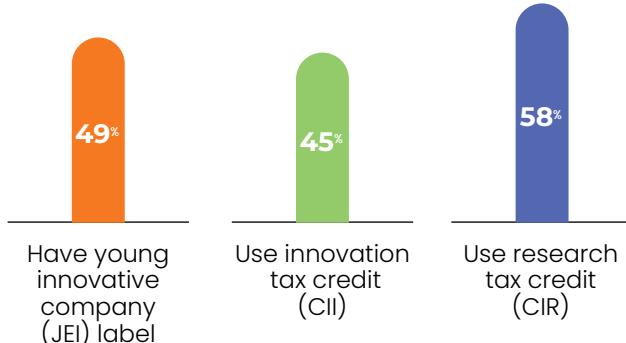
French ecosystem public support and procurements



3.4 FRENCH ECOSYSTEM PUBLIC SUPPORT AND PROCUREMENTS

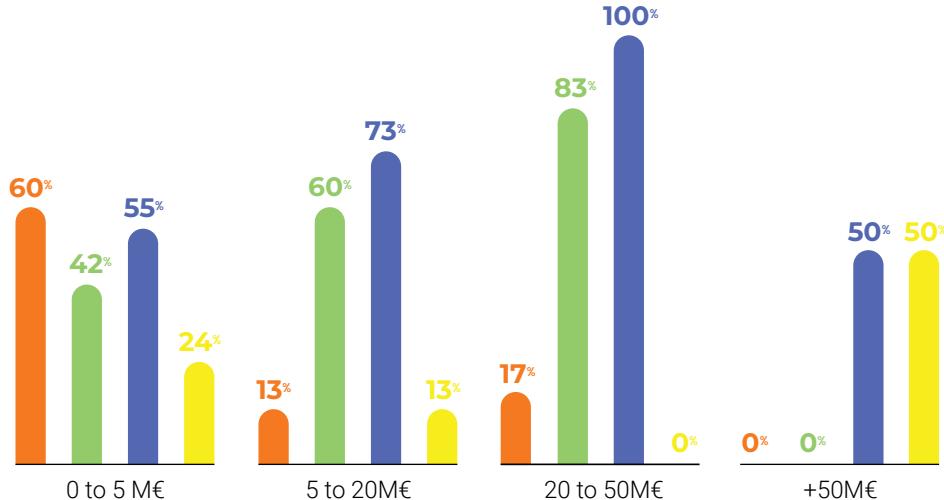
→ Use of French tax incentive

Sample of 111 respondants



→ Use of French tax incentive by revenue segment

Sample of 111 respondants



The research tax credit is used by every startup category and the small startups are the ones using every public support

- Have the young Innovative company (JEI) label
- Use innovation tax credit (CII)
- Use research tax credit (CIR)
- None

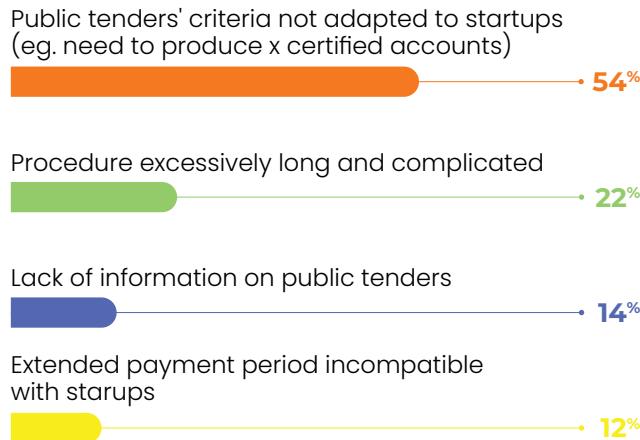
16%

OF STARTUPS ARE
BENEFITING FROM
PASS TALENT/VISA
FRENCH TECH
Sample of 105
respondants

3.4 FRENCH ECOSYSTEM PUBLIC SUPPORT AND PROCUREMENTS

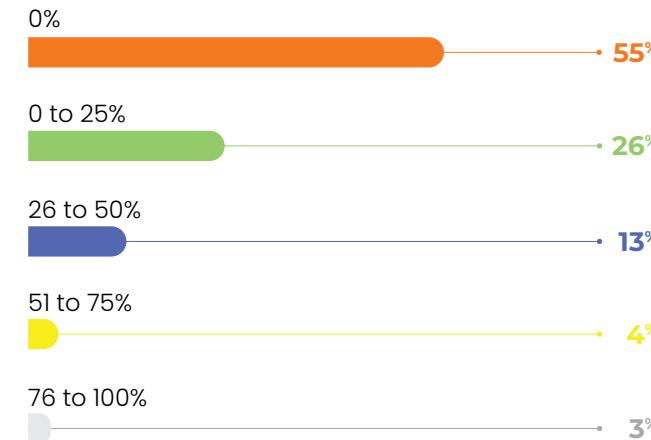
→ What prevents companies from responding to public tenders

Sample of 99 startups



→ Percentage of revenue coming from public procurement

Sample of 110 startups



50%

OF STARTUPS
RESPONDED TO PUBLIC
TENDER IN 2021

Sample of 109
respondents

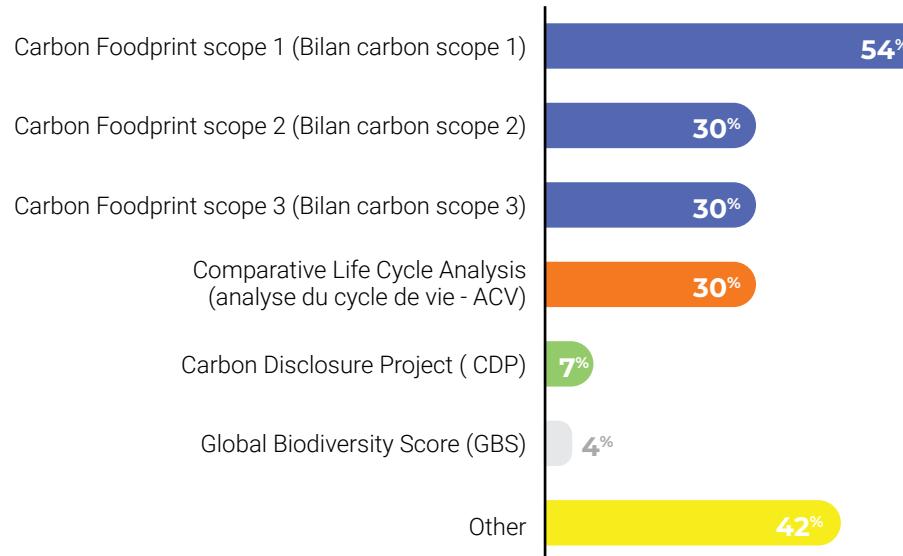
56%

OF STARTUPS WOULD YOU
LIKE TO RESORT MORE TO
PUBLIC PROCUREMENTS

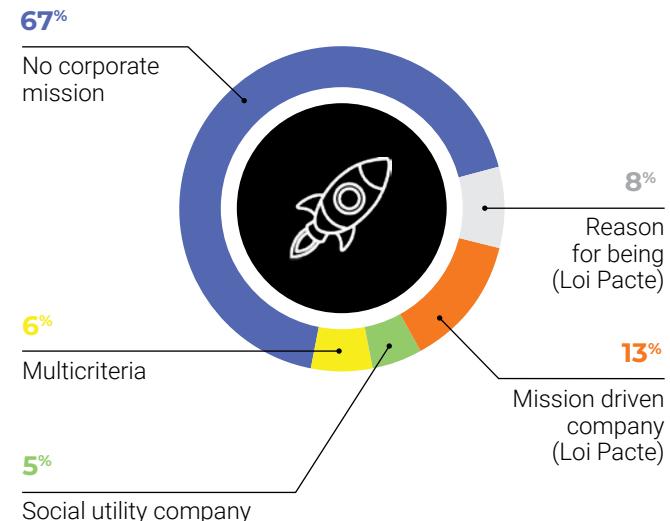
Sample of 110
respondents

3.4 FRENCH ECOSYSTEM PUBLIC SUPPORT AND PROCUREMENTS

→ Measurement tools
Sample of 162 participants



→ Percentage of start up labelled
Corporate mission
Sample of 168 startups



37%
OF THE STARTUPS
MEASURED THEIR
ENVIRONMENTAL IMPACT
Sample of 162
respondents

3.5

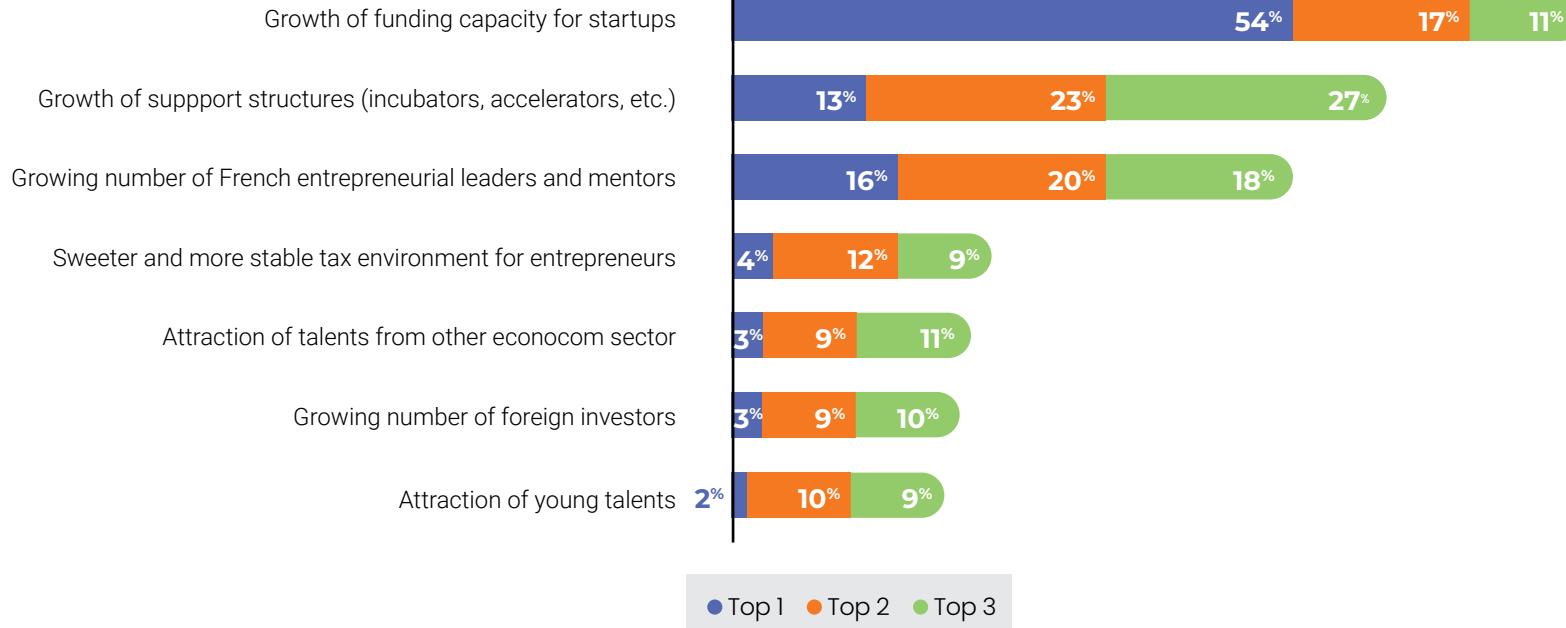
Focus on the 10th anniversary



3.5 ENTREPRENEURSHIP VISION ON THE PAST 10 YEARS

→ TOP 3 most important changes in entrepreneurship the past 10 years

Sample of 101 startups

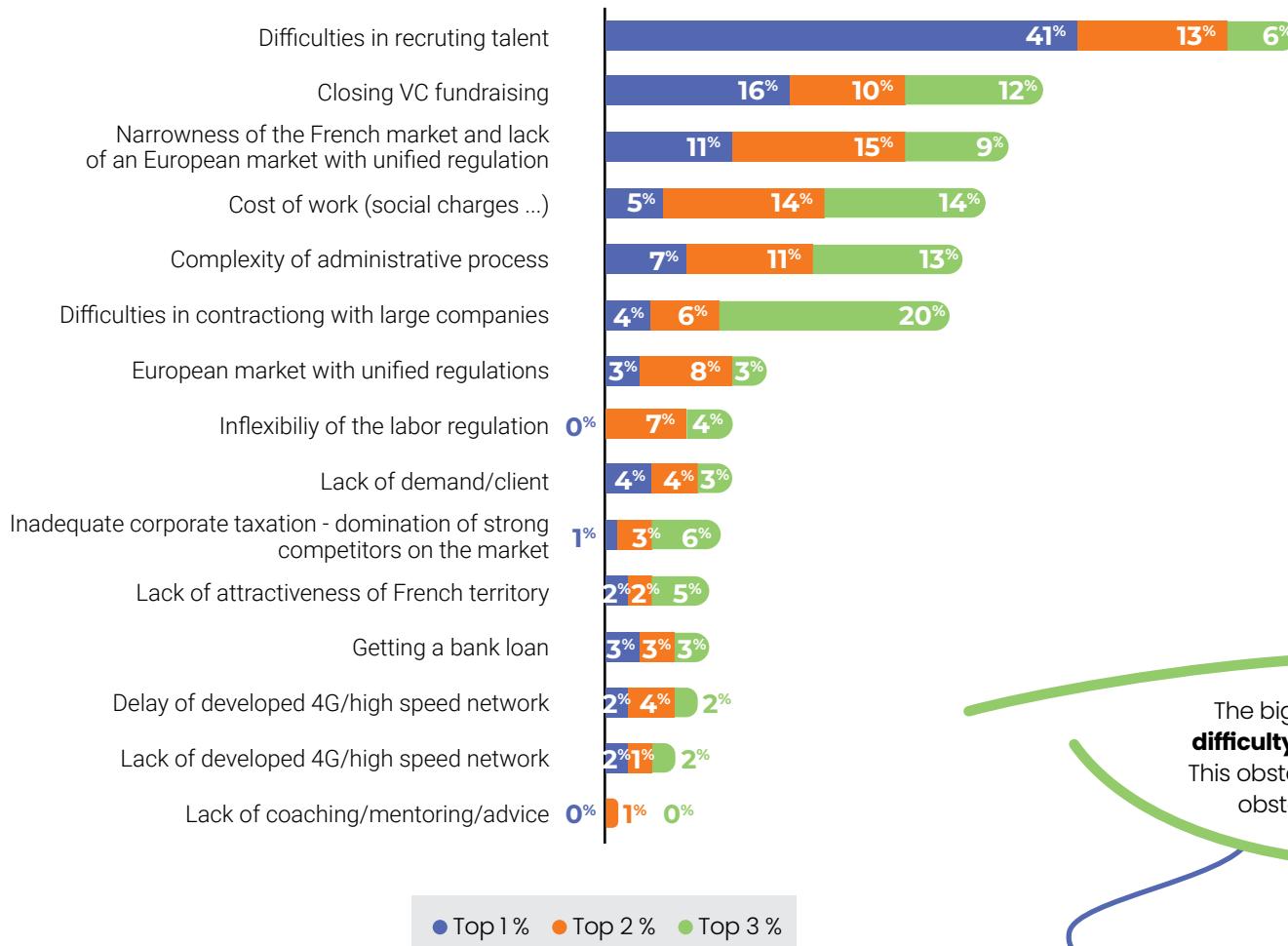


The most important changes in the 10 next years are the **growth of funding capacity** and **growth of support structures**

3.5 ENTREPRENEURSHIP VISION ON THE FUTURE 10 YEARS

→ TOP 3 most important obstacles the next 10 years to come

Sample of 101 startups



The biggest obstacle is the **difficulty in recruiting talents**.
This obstacle remains the main obstacle from 10 years

Acknowledgments

Vivien CHEZELLE

Partner

EY & Associés

vivien.chezelle@fr.ey.com

César NATALI

Senior

EY & Associés

cesar.natali@fr.ey.com

Marianne TORDEUX BITKER

Public Affairs Director

marianne@francedigitale.org

Camille OLINGER

Policy Analyst

camille.olinger@francedigitale.org



Building a better
working world



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About France Digitale

Founded in 2012, France Digitale is the largest startup association in Europe. France Digitale brings together the champions of digital entrepreneurship: it gathers 1,800 digital startups with strong growth plans and more than 100 investors (venture capitalists and business angels). The association (non-governmental organization) has a specific DNA, it associates entrepreneurs and investors to make the ecosystem more conducive to the emergence of new champions.

For more information, please visit francedigitale.org.