

STARTUP
PORTUGAL

FRANCE

STARTUP ECOSYSTEM REPORT

JUNE 2021

CONTENT

OVERVIEW	3
Global competitiveness index 2019	4
STARTUP COMMUNITY	5
Government initiatives	5
Incubators and accelerators	8
Startups	9
INVESTMENT	11
OPPORTUNITIES FOR PORTUGUESE STARTUPS IN FRANCE	12
CONTACTS	14

OVERVIEW

The word “entrepreneur” started in France, introducing the world to a new way of working, yet despite the origins of the word, French startups still need to take a more dominant role on the international scene. In recognition of this, the French government launched the French Tech Initiative in 2013, promoting the development of the French startup ecosystem and aiming to contribute to the creation of innovative companies with strong growth potential.

The initiative is part of France’s economic strategy as outlined by President Emmanuel Macron in 2017 and has the objective of establishing France as one of the world leaders in innovation. Today, France’s ecosystem is made up of more than 18,000 startups, over 370,000 employees, 240 incubators, and 50 accelerators. In addition to the establishment of French Tech, the country implemented a wide array of measures to boost the ecosystem such as a special French Tech Visa, a French Tech Seed Fund, a research tax credit, an annual startup competition, and much more.

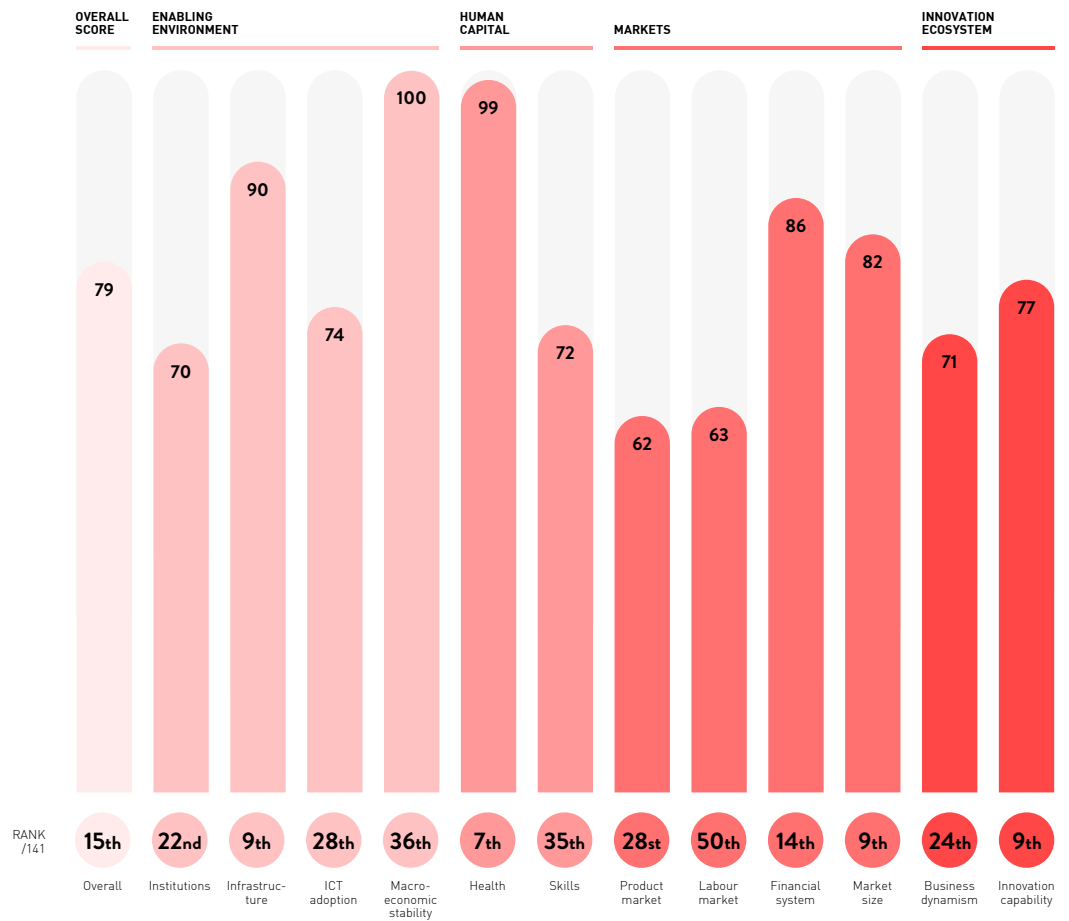
At the heart of France’s startup ecosystem is Paris’ booming tech scene. The super-tech hub, Station F, was launched in 2017 and has become the world’s largest startup incubator, providing office space for up to 1,000 young innovative companies. Owing to Station F’s success, the French government has set forth the goal of

having 20 unicorns in the country by 2025. With the goal of making France a “Startup Nation”, the government created a breakthrough-innovation fund with an endowment of €10 billion. This fund comes on top of the major investment plan of €57 billion over five years, which aims to foster the ecological transition and digital transformation and to enhance training and business competitiveness.

The French startup ecosystem particularly focuses on cutting-edge topics such as AI or solutions addressing global challenges like energy transition. The energy transition seems to be an attractive sector for startups as well as for investors. In 2017, for example, EUR 921 million was invested in cleantech. France will certainly strengthen its commitment to the energy transition and will further expect industry players to reinvent themselves and develop comprehensive solutions and innovations.

France is welcoming of new startup potential and with a long working and diplomatic relationship with Portugal, our two countries have agreed to key complementary agendas concerning taxation, language and education, as well as in the field of posted workers and health care. These new collaborations provide greater opportunities for Portuguese entrepreneurs to enter the French workforce.

GLOBAL COMPETITIVENESS INDEX 2019 15th/141



SELECTED CONTEXTUAL INDICATORS

Population millions	64.7	GDP (PPP) % world GDP	2.19
GDP per capita US\$	42,877.6	5-year average FDI inward flow % GDP	1.1
10-year average annual GDP growth %	1.2		

SOCIAL AND ENVIRONMENTAL PERFORMANCE

Environmental footprint gha/capita	6.0	Global Gender Gap Index 0-1 (gender parity)	0.8
Renewable energy consumption share %	13.5	Income Gini 0 (perfect equality) - 100 (perfect inequality)	32.7
Unemployment rate %	9.2		

STARTUP COMMUNITY

GOVERNMENT INITIATIVES

01. SUPPORT

The government of France is on a mission to make France one of the most attractive countries in the world for startups who want to get started, conquer international markets and build a meaningful future. To this end, there are a number of programmes developed by the French diplomatic network, in close cooperation with the agencies including [La French Tech](#), Banque Publique d'Investissement ([Bpifrance](#)) and [Business France](#). Together, these agencies seek to support French and foreign innovative companies.

La French Tech is specifically the key startup scene manager in France. It's a unique movement that brings together startups, investors, policymakers and community builders. Their mission is to make France one of the greatest places in the world to launch and grow global companies that make sense for our future.

Through La French Tech, the government established the [French Tech Next 40/120 program](#). This offers support to French scaleups with the potential to become global technology leaders. The Next 40/120 are the poster children for the kind of startups and scaleups France wants to produce and support. Between them, these businesses create 30% more jobs annually and have seen average revenue growth rates of 158% over the past three years. The idea is that the Next 40/120 will be guinea pigs for innovative government services designed for companies going through hyper-growth, touching on everything from hiring through to banking.

Another government initiative is [Tremplin](#), an initiative that aims to

identify aspiring entrepreneurs from tougher backgrounds and welcome them into the French Tech ecosystem. They optimise their chances of success through funding, training and mentorship. The initiative is designed to level the playing field by mimicking certain advantages these entrepreneurs would have had easier access to, had they come from more privileged backgrounds. It is divided into two successive programs: Prepa and Incubation.

French Tech also has a program called the [French Tech Central](#) that sits inside [Station F](#), the world's largest startup campus, which is also their national HQ. Central is a vibrant hub that brings startups and civil servants together in real life. French Tech Central boasts 1000m2 of co-working and community space. It offers a variety of programs and services by startup-friendly ministries, regulators and public organizations to meet the needs of entrepreneurs.

In May 2019 the government passed the [P.A.C.T.E. Law](#) which provides French companies with the means to grow faster and better, thanks to the streamlined legal framework. The Business Growth and Transformation Action Plan, aka PACTE, addresses legal administrative burdens directly by lowering barriers to success and simplifying the current legal framework, covering a broad scope of issues running from the elimination of tedious paper applications to the lack of equity capital.

Look at the other government agencies, some of the initiatives from [Bpifrance](#) and [Business France](#) include [NETVA](#) (New Technology Venture Accelerator), a programme that supports the

preparation for the development and establishment of innovative young French companies in the United States. It was launched in 2010 and is focused on three aspects: training, networking and support. The programme responds to the challenge of technological and economic acceleration for French startups and SMEs on US markets.

Another program is called YEI (Young Entrepreneurs Initiative), launched in Boston in 2005, it is an immersion programme in the French ecosystem aimed at foreign startups. The 2018 edition was open to startups from five countries: South Korea, the United States, Italy, Taiwan and Finland. It enables the selected startups to gain an understanding of the French legal and administrative environment and to remain in contact with the innovation players in the French ecosystem. In addition to its goal of job creation, this programme seeks to enrich an innovation ecosystem by fostering dialogue between French businesses and young foreign entrepreneurs and researchers, while highlighting French and European measures to support innovation.

02. FUNDING

The public authorities have introduced various programmes and tools designed to help facilitate the initial funding of startups, many of them implemented by Bpifrance, which can both invest in and fund company projects.

Bpifrance plays a key role in supporting startups by providing funding solutions such as:

a. The startup loan; applicable to small innovative companies (with fewer than 50 employees and a balance sheet or turnover under 10 million euros) less than 5 years old, in the startup phase and having benefited from public support for innovation. The loan is between 50,000 euros

and 100,000 euros if it is made by Bpifrance alone, but can run as high as 300,000 euros in the event of a commitment from the Region.

b. The innovation advance; available to SMEs and companies with fewer than 2,000 employees and consisting of participation in funding the project, in the form of a recoverable advance or a zero-interest loan.

Through the French Tech Initiative, the government of France has provided a €400m seed fund allowing France to co-invest and encourage angel investing in hundreds of young deep tech startups. The Tech Seed Fund aims to leverage private investment in technology startups in the post-maturation stage, in particular, deep tech startups that are less than three years old, with the goal of network co-funding.

Dubbed the most attractive in Europe by the OECD, France's R&D tax credits make launching a DeepTech startup or investing in R&D even easier. The package of tax credits allows certain companies to have their eligible expenses deducted from their taxes. The Research Tax Credit, Crédit d'impôt recherche (CIR), provides support for the R&D activities of companies of all sizes and from every sector, whether it's a DeepTech startup or a large corporation opening up an R&D centre in France.

French Tech also has the French Tech Acceleration Program with the purpose of fueling the growth of the best startup accelerators across the country. Funded from a €200-million endowment, French Tech Acceleration accepts candidates among private accelerators and qualified funds around France. The fund is open to accelerators working with startups developing technological innovations as well as groundbreaking uses and services in the digital, MedTech, CleanTech and BioTech industries.

In addition, to encourage entrepreneurs to take the leap, [Bourse French Tech](#) offers up to €90,000 in equity-free funding to help pay for those initial startup costs. Since Bourse French Tech first launched, over 3,000 startups have enjoyed the benefits of this government grant.

The French government also earmarked €3 million in [French Tech Community Grants](#) to help support the French tech community initiatives and ecosystem initiatives. La French Tech as a movement is powered both by the government (a.k.a. the French Tech Mission) and almost more than 100 official French Tech Communities all over the world. This pool of funding is designed to help the latter bring French Techs strategy to life, each in their own local communities, by co-funding projects carried out within one year.

There is also the [Finance Innovation](#) agency, founded in 2007 by the French Public Authorities, the agency is a unique cluster for innovation in the French financial sector. It has directed concrete actions to accelerate the creation and development of innovative projects devoted to economic, societal and environmental challenges in the service of growth and employment. The agency can assist in distributing funding tools for SME's, help develop innovative business proposals and provide essentials information, networks and resources.

Finally, the Office of the President, together with French Tech, Bpifrance and Business France, annually join together to host the [Scale-Up Tour](#), an event introducing the French tech ecosystem to the world's leading investment funds. The Scale-Up Tour invites 40 recognized investors from different countries to France, helping to establish the French ecosystem's reputation globally and attracting

foreign capital for growth-stage companies.

During the COVID19 pandemic, France was the first major European nation to reveal specific support for its startups, outlining a €4bn liquidity plan in March 2020 that has subsequently been updated and refined with new measures and funds, generally managed by public investment bank Bpifrance. France was also one of the earliest adopters of the furlough scheme, which has been particularly welcomed by startups, where often their most costly asset is their staff. Further, it offered partial furlough from the offset, helping companies relieve the pressure of costs while retaining the skills of the people they will require in the future.

03. VISA OPPORTUNITIES

Many French Tech initiatives aim to attract foreign talents. The latest of them being the [French Tech Visa](#). The French Tech Visa is known for being a simplified, fast-track scheme available to non-EU startup employees, founders and investors looking to obtain a residence permit for France.

The Visa targets three types of international tech talent for the obtention of a residence permit, known as the "Passeport Talent". These are:

- a. French Tech Visa for Founders:** for international startup founders selected by partner incubators and accelerators;
- b. French Tech Visa for Employees:** for international talents recruited by French companies based in France recognised as innovative by the French Ministry of Economy; and
- c. French Tech Visa for Investors:** for international investors wanting to settle in France

Startup founders may be granted a 4-year residence permit marked if they provide the necessary evidence:

- An innovative business project they want to develop in France;
- Recognition of the project by a public-sector body;
- Sufficient annual financial means corresponding to the statutory national minimum wage (SMIC), i.e. €18,473 as of January 1, 2020.

The visa boasts benefits such as being family-friendly, as the visa automatically extends to a spouse and minor dependent children, is valid for up to four years and is renewable, and finally, the visa does not have any diploma requirements.

INCUBATORS AND ACCELERATORS

Today, France's ecosystem is made up of more than 240 incubators and 50 accelerators. Here is a list of some of the most exciting ones.

01. Entrepreneur First

Entrepreneur First is the world's leading talent investor. They invest time and money in the world's most talented and ambitious individuals, helping them to find a co-founder, develop an idea, and start a company. So far, they've helped 1,000+ people create 200+ companies, worth a combined \$1.5bn. Twice a year they select up to 100 people to join their programme.

02. Station F

Launched in 2017, Station F offers the world's largest startup campus situated on the banks of the Seine. Backed by Xavier Niel and run by Roxanne Varza, this startup superhub offers entrepreneurs and startups access to a variety of incubators and programs, top-notch events, and coworking space. In addition, the incubator offers maker spaces, a restaurant, kitchens, a café, and a bar with Amazon, Facebook and Microsoft have already set up shop inside.

03. 104 Factory

104 factory is an accelerator for startups working in the field of artistic, cultural and creative industries. Besides the regular services, it has a space for exceptional experimentation, a "living lab" that will enable them to test in actual conditions their prototypes in interaction with the public as well as cooperating with artists through their residency programs.

04. Starburst

Starburst is the world's first and only global aerospace startup accelerator/incubator, with offices in Los Angeles, Paris, Munich, Montreal, São Paulo, San Francisco and Singapore. It helps startups scale their business in aerospace, aviation and defence industries by providing a \$120,000 investment and the opportunity to work with mentors who have space technology experience.

05. 50 Partners

Co-founded by 50 successful tech entrepreneurs, 50 Partners offers a unique support system, where the co-founder gets financially and operationally involved with the supported startups through mentoring

sessions, along with workspace, networking and services. Usually, the program accepts 5 to 7 early-stage tech startups per year in the following areas: mobile, media, SaaS, big data.

06. 1Kubator

1Kubator is a seed accelerator and incubator network based in France. It offers programs in cities such as Lyon, Bordeaux, Nantes, and Rennes. It invests up to €25,000 and offers office space and support. It offers acceleration programs for information and deep tech technology startups.

07. Schoolab

Schoolab is an incubator that empowers organizations' talents to co-create business innovations with a positive impact. By spreading the entrepreneurial and collaborative spirit through action, Schoolab helps innovation projects grow with

entrepreneurs and with companies. We use collaborative methods such as Design Thinking, Lean Startup and Agility, together with our team, we engage a large ecosystem of students, startups and entrepreneurs around entrepreneurial projects. Present in Paris, San Francisco and Ho Chi Minh City through Schoolab and RaiseLab, we're also in Normandy through MoHo.

08. Paris&Co

Paris&Co is the innovation and economic development agency of the Paris metropolitan area. The agency supports innovation by incubating more than 500 French and foreign startups each year, conducting experimentation for innovative solutions, and organizing national and international tech events. Its development is based on an open innovation approach, in close collaboration with more than 120 major corporations and institutions.

STARTUPS

Startups have become a symbol for something fresh, innovative, and energetic. With 15% of the French population showing interest in creating their own business, and 46% of managers and employees expressing their wish to work in a startup. In taking a look at the reason for the startup interest, here is a list of some of the most inspiring startups in France.

01. Georges

Founded in 2016, this Lyon-based startup has developed AI-powered accounting software for freelancers and professionals. By connecting to people's professional bank accounts, Georges automatically tags revenue and expenses to calculate annual revenue, VAT, etc. Once it's all checked, Georges

generates paperwork and sends it to tax authorities. They have 10,000 customers and counting. In 2019, they raised over €10 million and announced a merger with its main competitor, the BNC Express software, to further consolidate its position in the market.

02. Leavy

When Aziza Chaouachi was a student, she would rent her home on Airbnb to finance the cost of travel tickets. This gave her the idea of a travel app that rewards members in cash or travel credit by renting out their home while being away. It has since snowballed into a network of +65,000 millennials preparing apartments and hosting guests. The Paris-based startup bills itself as a "travel community and

marketplace,” and differentiates itself by giving Leavy members cash upfront when they make their space available prior to travelling. Leavy in 2019 raised €12.7 million, a record for travel tech seed rounds.

03. Majelan

Fast-growing Majelan is a premium podcast platform, where users can search for podcasts, download and listen to episodes. Launched in 2019 across 50 countries, Majelan’s library consists of 280 000 audio series, or 13 million episodes, in 15 languages. It aspires to attract a wide range of audiences – from children to teenagers and families – with a variety of topics, including entertainment, arts, sports, politics, comedy and many more. With €4 million raised in 2018, and a subsequent €6 million raised in 2019, Majelan is well-positioned to disrupt the podcast industry.

04. Meero

Meero, founded in 2016, is an on-demand photography platform, providing access to professional quality photo and video footage, delivered in less than 24 hours at affordable prices, as well as online editing and production tools for photographers. The startup is planning to expand its product portfolio by offering masterclasses, meetups and documentaries for its photographers, and a dedicated magazine. In June 2019, the startup raised €230 million in

Series C funding, setting a new record for French tech, and reaching a unicorn status only 3 years after its creation.

05. Kayrros

Kayrros, founded in 2016, is an advanced data analytics company with a primary focus on the energy sector. The company’s products combine machine learning, satellite imagery, natural language processing, Internet of Things and advanced mathematics with petroleum and financial engineering, to help global energy market players make better investment decisions. In 2018, Kayrros raised €24 million, and in 2019 received an H2020 grant, bringing its total raised to over €30 million, which it will use to bring greater transparency to energy markets worldwide.

06. Luko

Luko, founded in 2016, is an insurance tech startup that’s using sensors, data, and machine learning technology to protect your home and prevent incidents. With sensors placed on the property’s front door, water supply pipe and electric meter, machine learning can analyze data from these three sources to help prevent floods, fires and burglary. One step further, if an incident occurs, users can make a claim via chat, over the phone or with a video call using the mobile app. In 2019, Luko raised €20 million in Series A funding, bringing its total raised to €22 million.

INVESTMENT

Investments in early-stage digital companies have boomed in France in recent years, helped by tax cuts and business-friendly measures put in place by President Emmanuel Macron, who has vowed to turn the country into a startup nation.

In 2019, France ranked as the world's seventh-largest economic power, just behind the United Kingdom and India. After growing at an estimated rate of 1.7% in 2018, GDP grew by an estimated 1.3% in 2019, supported by robust investment, solid consumption, favourable external conditions and domestic reforms. International investment in France reached a record high thanks to an annual investment increase of 10% and nearly 40,000 jobs being created or maintained that year. France's newfound attractiveness stems from the country's ambitious transformation that has been leading since 2017.

In 2019, the number of investment projects registered in France was 1,468, or 28 investment projects per week, which is up 11% compared with 2018 and rising more than 50% in five years. In 2019 \$4.8bn in venture capital funding was raised by French startups, up nearly threefold since 2015, and France has become one of the hottest tech

hubs in Europe. In addition, the money injected by venture capital funds into French startups jumped 30% over the first three quarters of 2019 from a year earlier to 3.9 billion euros, according to Dealroom.

The investment decisions made in 2019 were spread across the whole country and were not concentrated only in very large urban areas. In fact, 41% of the investments were made in cities of fewer than 20,000 inhabitants and 70% in urban areas of fewer than 200,000 inhabitants. These investments created jobs in all French regions, not only in major cities but also in more remote parts of the country. They are home to sophisticated ecosystems, able to support technological and R&D projects.

The French market began in 2020 with a spring in its step, following the solid path laid by an excellent 2019. The volume of investment in commercial property, up 46%, indicated that both domestic and international investors were still being drawn in by the enticing opportunities to be found in France. However, according to the updated IMF forecasts, due to the outbreak of the COVID-19, the country's GDP growth fall -7.2% in 2020 and pick up to 4.5% in 2021, subject to the post-pandemic global economic recovery.

OPPORTUNITIES FOR PORTUGUESE STARTUPS IN FRANCE

Conditions imply that this is the moment for France to profit from a unique opportunity; the momentum of the growing VC and funding scene; the large participation of government-led funds like BPI, the consequences of Brexit, local and foreign startups and founders have an opportunity to start, grow and scale-up in France.

One such opportunity where Portuguese founders can access the French startup ecosystem and its investment rounds is through [VivaTech](#). In just four years, VivaTech has become the biggest startup and tech event in Europe and is recognized worldwide as a powerful catalyst for business transformation, startup growth and innovation for the common good. Every year, VivaTech brings together in Paris the world's top business leaders, startups, investors, researchers and thinkers for a unique experience combining inspiration, networking and a showcase for innovation. Starting in 2021, VivaTech will be enriched with a digital platform that will bring together an even larger community of innovators. [Startup Portugal](#) provided an opportunity for Portuguese startups to enter Viva Tech via an exclusive pitching competition. Applicants who entered can win tickets to the technology event. The 5th edition of VivaTech will be held from 16 to 19 June 2021.

The French startup ecosystem has stood tall with investment and scalability which is the result of a strong talent that is skilled and affordable, a fast-growing market, a booming startup ecosystem, and a government that is firmly behind entrepreneurship. This is confirmed as

86% of foreign chief executives believe that workforce education and training in France is an attractive criterion for foreign investment.

Overall, the French startup ecosystem has three key strengths, AI, Edtech and Fintech. If you are looking for an opportunity to enter the France startup ecosystem, there are two key sectors getting a lot of attention at the moment.

To sum up, here are some key facts that could help a Portuguese national try their hand at starting a company or branch in France:

- a. France is the World's 5th largest economy and 7th largest foreign investor.
- b. [Welcome To France](#) has a free online dedicated service operated by Business France to help you to settle in France.
- c. Expatriates enjoy a tailor-made tax regime applicable for eight years, offering an income tax exemption of between 30% and 50% of their total pay.
- d. Foreign companies have increased their R&D spending in France by 9% a year since 2007.
- e. Europe's highest concentration of Fortune 500 companies headquarters.
- f. France offers quick and easy access to neighbouring countries with its 3rd road system and 2nd largest high-speed train network in Europe: Paris-Brussels in 1.5 hours, Paris-

London in 2.5 hours and Paris-
Amsterdam in 3.5 hours.

- g. France has Europe's leading business airports with Le Bourget as the largest European airport for cargo and Paris-Charles De Gaulle as the 2nd airport in terms of passengers. Our airports offer direct flights to 260 destinations around the world.
- h. Station F in Paris gathers 1 000 startups and is the largest start-up campus in the world.
- i. France is Europe's second-largest consumer market and gives direct access to the European Single Market that boasts more than 500 million consumers with high purchasing power. It is also a great platform for the MENA region.

FRANCE
STARTUP
ECOSYSTEM
REPORT

STARTUP
PO●RTUGAL

