Crossover Investing in European Venture Capital: Resilience Amidst Volatility and Evolving Strategies

- **Crossover Investors participated in European equity rounds totalling €11 billion in 2023– a sharp drop from €39 billion in 2021. Despite this decline, Crossover Investors were present in 20% of all funding rounds in 2023, showing resilience in the face of market volatility.**
- **2023 figures for Crossover Investing are more than double those of 2019, indicating a long-term growth trend despite short-term fluctuations.**
- **Crossover Investors remained more active in later-stage deals, accounting for 67% of their deals in 2021 and 62% in 2023. However, there has been a notable shift towards early-stage deals, which accounted for 26% of Crossover deals in 2023, up from 10% two years ago.**
- **Investors mirror the broader European VC market: About 40% of Crossover capital is allocated to software companies, with a recent shift towards energy and climate-related startups in 2023. This indicates that the industry is adapting to make the most of new market opportunities in high-potential sectors.**
- **In 2021, European VC rounds involving Tiger Global, SoftBank, Insight Partners, and Coatue—four of the largest Crossover Investors—accounted for 18% of the total capital raised and 54% of the deals that included a crossover investor. By 2023, these figures had dropped to 4% and 19%, respectively.**

Paris, July 11, 2024. Revaia, a leading European sustainable growth investor partnering with mission-driven growth-stage entrepreneurs, has published an update to the first-ever report focusing on Crossover Investing in Europe, shared in January 2023. These reports examine the critical role played by Europe's most active Crossover Investors[1] – firms that invest in both private and public markets.

Encouraging the development of Crossover Investors is essential as Europe seeks to create the kind of startup economy needed to remain competitive over the coming decades. These large investors – a key competitive advantage for US startups — provide the robust funding that startups need to realize the full potential of transformative ideas as they scale through their late stages and beyond.

The latest edition of Revaia's report reveals that while Crossover Investing has made important progress amid recent volatility, the European ecosystem must redouble efforts to put in place the financing structures necessary for the innovation journey that will build the economy of tomorrow.

In 2020 and 2021, Crossover Investing in Europe surged. Building on the first report, which analyzed European Crossover Investment between 2017 and Q3 2022, this update is based on Pitchbook data from 2018 to 2023. The report focuses on VC-backed companies headquartered in Europe.

[1] A Crossover Investor is a fund that builds a bridge between private equity and public markets. It operates concurrently on both sides, private and public, and critically, can act as a cornerstone in the transition from one side to the other.

By expanding the timeframe dataset and using a targeted methodology, it is clear that the European Crossover Investing landscape and the VC landscape more generally has undergone significant transformation and is in a stronger position now than it was before 2019.

More details on the report, including the methodology and report highlights can be found here.[2]

Alice Albizzati, Revaia Founding Partner, said: "*While there are fewer Crossover Investors in the European market than there were a couple of years ago, those who remain are playing a crucial role in filling Europe's equity gap. We are optimistic that the European tech market will continue to improve and will help build global leaders.*"

Guillaume Morelli, Head of Listing France & Iberia at Euronext, commented on the survey: *"Despite market fluctuations, the sustained participation of Crossover Investors in European VC-backed companies underscores their critical role in bridging the gap between private and public markets. As the leading pan-european exchange in Europe, Euronext supports the involvement of Crossover Investors not only to provide essential growth capital but also to position companies for successful IPOs by instilling confidence and fostering resilience within the market."*

Stefan Maassen, Head of Capital Markets & Corporates at Deutsche Börse Group, also said: *"Shedding light on the importance of crossover investors and the need for a stronger mobilization of European private capital has become even more apparent in the last two years. Many Scaleups have managed to adapt their business models to the new investment environment and are on a promising path to become public companies. Fueling their future growth to build new European and global tech champions. Deutsche Börse has a strong track-record as a proponent of the European tech ecosystem and is committed to support its continuous development."*

Mailys Ferrere, Head of Large Venture at Bpifrance, concluded: "*We warmly thank all the Revaia team for their fundamental work on Crossover funds. At Bpifrance, we are also very committed to develop this important segment in the financing chain of the startups, and to create more bridges between VCs and asset managers with the creation of the Cornerstone Investors Club.*"

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About Revaia

Revaia is a leading investor in sustainable innovation, partnering with mission-driven entrepreneurs with global ambitions and sustainable leadership. Revaia helps these growth-stage companies navigate their entire life cycle from Series B to IPO or buyout. Revaia builds bridges between venture, private equity, and public markets and is a supportive sparring partner for entrepreneurs who are working to transform the world for the better. With offices in Paris and Berlin and presence in North America, its diverse team brings hands-on expertise and unique ESG know-how to the most promising technology scale-ups. Revaia is very proud to be supporting companies such as Acorns, Algolia, Aircall, Coralogix, Deepki, Frontify, Hublo, Mews, Platform.sh, Planity, and Welcome to the Jungle.

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[2] Revaia's Snapshot at Crossover Investors' activity can be found here.

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