BI-ANNUAL JOURNAL FOR LEADERS IN TECH

N°03
H2 2024

Perspectives

THOUGHT LEADERSHIP
Hot topics from founders & investors for H2 2024

2024 TRENDS OBSERVATORY
A research conducted among tech executives

CLOUD FORUM
CEOs & VCs leaders on how to finish 2024 strong

PANEL TALK
How to build more pipeline in 2024

PERSPECTIVES JOURNAL

BY ATSCALE

Perspectives

by atscale

FOREWORD

Welcome to the third edition of *Perspectives*, a bi-annual journal for leaders in tech.

Launched by Atscale in 2023, *Perspectives* offers founders, executives, and investors a short-term outlook on trends for the upcoming semester in the technology and cloud industry.

In each edition, we invite over 20 esteemed authors from the European tech ecosystem to share their unique perspectives on the upcoming six months. Inside Perspectives #3, you will discover insights tailored specifically for the second semester of 2024.

We extend our gratitude to our esteemed authors for their invaluable contributions as well as to the participants of the trend observatory research. We would like to say a special thank you to Vincent Coirier for his invaluable contribution in helping us form a team of authors for this edition.

This edition showcases artworks from our partner, Singulart, an online art platform. We wanted to translate the state of the technology and cloud industry from the words of our authors into emotions created by the talented artists represented by Singulart.

The cover of every *Perspectives* journal aims to represent the shape in which our industry finds itself for this particular semester.

We express our appreciation to our readers for the attention and engagement you give to the journal. We value your input and invite you to share your feedback, inquiries, and suggestions with our editorial team. Your voice shapes the future of *Perspectives*, and we are eager to hear from you.

Sincerely,
Atscale

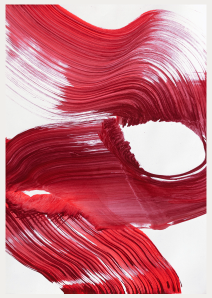
contact@at-scale.co
at-scale.co/perspectives

JOIN OUR TREND OBSERVER

Join the monthly newsletter to stay updated on immediate developments in management and revenue growth trends within the tech ecosystem

PURCHASE THE ARTWORKS FROM THIS EDITION

1.



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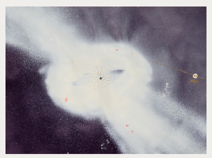

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1.
RockStar
By ARTURO PRINS
Collage, spray on paper, 2011

2.
Tout commence maintenant 6
By HÉLÈNE JACQZ
Acrylic, ink on wood, 2020

3.
Suite simple pourpre
By HÉLÈNE JACQZ
Acrylic, ink on wood, 2020

4.
Autre danse
By HÉLÈNE JACQZ
Acrylic on wood, 2016

5.
Pirouette
By HÉLÈNE JACQZ
Acrylic, India ink on Canvas, 2018

6.
Una tarde de mala hostia
By ARTURO PRINS
Pastel, India ink on paper, wood under glass, 2006

7.
Agujero Blanco
By ARTURO PRINS
Collage, spray on paper, 2011

8.
Lucía, Saturno y yo
By ARTURO PRINS
Oil on canvas, 2009

SINGULART

We extend our gratitude to Singulart, the partner of Perspectives, for supplying the illustrations of contemporary artists featured in this journal's edition.

Singulart is the leading online art gallery, a global hub connecting art lovers with diverse, emerging, and established artists.

Showcasing a vast array of contemporary artworks, Singulart offers a seamless experience for discovering, buying, and selling art. With a curated selection spanning various styles and mediums, it provides a bridge for artists to reach a worldwide audience while enabling collectors to explore and acquire unique pieces easily.

Through intuitive browsing and a commitment to supporting artists' careers, Singulart fosters a vibrant community, elevating the accessibility and appreciation of art for enthusiasts and collectors worldwide.

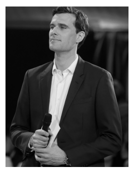
www.singulart.com

MEET THE AUTHORS OF THIS EDITION

In each edition, Perspectives Journal gathers over 20 esteemed leaders in the tech ecosystem. Meet the authors for the H2 2024 edition.


Bozena
ADAMCZYK
PARTNER
TRUFFLE CAPITAL


Raphaël
BOUKRIS
CRO & CO-FOUNDER
DIDOMI


Pierre-Marin
CAMPENON
MANAGING DIRECTOR
EU, PARTNERSHIPS
YOUNITED


Peter-Paul
DE LEEUW
FOUNDER & CEO
AMBERSCRIPT


Bruno
DELAHAYE
PARTNER - HEAD OF
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CATHAY INNOVATION


Saskia
FISZEL
FOUNDER & COO
VIRGIL


Marc
FOURNIER
MANAGING PARTNER
& CO-FOUNDER
SERENA


Martin-Pierre
GAULTIER
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LEMONWAY


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TORQ.PARTNERS


Asya
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OPERATIONS
YOUNIUM


Laetitia
RIBIER-COSTA
VP OF SALES
ATSCALE


Richard
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MANAGING DIRECTOR,
NORTHERN EUROPE
ATSCALE


Geert
VAN KERCKHOVEN
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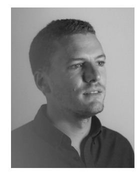
OPER CREDITS


Léa
VERDILLON
PARTNER
AGLAÉ VENTURES


Tristan
VIÉ
CHIEF SALES OFFICER
JOBTEASER

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H2 2024

PERSPECTIVES

Perspectives is a bi-annual journal created in collaboration with tech founders, executives, and investors to review trends for each upcoming semester.
Every edition brings together over 20 new authors to provide a comprehensive overview of the short-term developments in the tech ecosystem.

PERSPECTIVES ON H2 2024

By STEPHANE AZAMAR-KRIER
CEO and Co-Founder of Atscale
Director of Perspectives Journal

A rebound, not a surge, shines sunlight in a gray sky.

Despite economics and bankers' predictions, the recession did not happen. The US economy has been more resilient than expected and US households' consumption beat expectations.

Although this sounds far away from our day-to-day lives, operating small or medium-sized companies, this is still the beginning of the snowball effect.

This drives the appetite of LPs and large investors whether to deploy more capital or not.

What's easy to predict for our coming semester is the increase of false claims of companies pretending to build AI products in order to survive and get funded. Most investors won't be fooled though. We know — they know — who the true players are.

Yet, we are still globally on the verge of a true AI shift in our daily lives that will be comparable to the surge of telecommunications. That's now a given.

For the 99% of other companies, building software, marketplaces, or anything else, getting funded will remain hard. The necessity of showing a strong path to profitability at very early stages, sometimes before Series A, is a new reality. One could have thought that this would have been a prerequisite for small VCs or European VCs, but no. Unfortunately, large VCs, US VCs, and top-tier VCs do bet more on profitable companies and are ready to give high valuations to those who outstandingly combine aggressive growth and positive EBITDA. The rule of 100 has replaced the rule of 40.

So, what will happen to companies who are struggling to get both? Or even one of the two? Well, there is a high likelihood that they will stay in the 1M to 10M revenue segment for a while, transforming themselves into non-digital companies with slow growth — not dying, not skyrocketing. The other path would be for them to bet on a high return on investment, build new products with high leverage, invest in their teams to do more with less, or merge with competitors. External growth is often considered by entrepreneurs for large companies, and it should not be.

Yet, we're seeing from the entrepreneurs surveyed in this edition that positive mindset and willingness to grow are vital. Hiring will accelerate again, budgets will increase, and ultimately this will drive more revenue and more growth. For those who invest on those fronts, H2-24 is about investment and smart bets — and payback in 2025.

ATSCALE OPERATING PARTNERS

Atscale is your Operating Partner to help you land above your top line target.

We are a team of executives who have scaled top-tier international startups, experienced IPOs (NASDAQ), and have endured what it takes to create big companies.

Along with the executive teams of our clients, we are working to increase sales performance and build the right architecture to reach the next phase of growth.

2x

Our clients close deals 2x faster vs their average time to close

33%

Average revenue increase generated by a sales rep

10x

10x ROI is an average delivery for our clients (incremental revenue generated vs investment)

25%

Average increase of sales reps hitting on quota

INTRODUCING

BUILDING BLOCKS BY ATSCALE

For profitable revenue growth

To go from startup to scale-up, you need to have clear plans for each of these eight building blocks. This is a winning formula.

For each building block, we have battle stories to tell across a wide range of tech industries and for all sales cycles: SMB, mid-market and enterprise.

SALES REPS EXCELLENCE

- Sales Hiring & Ramp-up
- Sales Enablement
- Sales Performance Management
- Talent Management

SALES ENGINE

- Demand Generation
- Sales Execution
- Client Relationship
- Revenue Operations

CLOUD FORUM

Section

01

Recommendations from startup leaders and VC investors for H2 2024

“WHAT RECOMMENDATIONS CAN YOU GIVE TO STARTUP FOUNDERS FOR H2 2024?”

responses from:

STARTUP LEADERS

Peter-Paul DE LEEUW, Amberscript

Jean Bernard MELET, Eldo

Saskia FISZEL, Virgil

Pierre-Marin CAMPENON, Younited

Tristan VIÉ, Jobteaser

Loïc MOCELLIN, Partner

Martin-Pierre GAUTIER, Lemonway

Florian GENDRAULT, Alleo

Raphaël BOUKRIS, Didomi

Geert VAN KERCKHOVEN, Oper Credits

Michael GONZALEZ, Mindee

Peter-Paul **DE LEEUW**

FOUNDER & CEO AT AMBERSCRIPT

Ever since LLMs gained popularity, the defensibility of AI-first startups has been questionable as LLM AI APIs are available to well-established SaaS players with existing competitive advantages. I am convinced that the answer can lie in building an AI-first service business that looks like a software business, and I am building our transcription and subtitling business Amberscript accordingly. We provide fully 100% correct transcripts and subtitles, with a small human check but automated to a large degree by generative AI.

In this approach, which I think can be applied to many industries, foundation models, and industry-specific data are used to rebuild a service business from the ground up. The business is automated to such a high extent that it can provide our service without (too much) human interference. Subtitling is well-suited for this: while previously the service was only available with a high degree of human involvement, using LLMs trained on specific industry and even client guidelines and data provides a workflow where a light human quality check (as hallucinations are limited but still exist) makes the process scalable at prices impossible before. Using proprietary data and finding a niche industry to train the LLMs in creates defensibility.

The key to this approach is to sell the work, not the AI-powered SaaS features. The market for software that can produce the end product is in this case, and many other cases such as customer support and accounting, much smaller than the market for the end product at the application layer. Therefore, you can choose a more specific niche that increases your service level and your data moat when collecting data to train a custom LLM. As performance curves of AI models are asymptotic (it is much harder to get from 80% to 100% than it is to get from 0% to 80%; the reason the self-driving car is not here yet), incumbents that cover the whole market are left with a subpar product.

As the services you will offer are most likely already being provided, there is no product-market fit challenge. The main challenge, however, is being able to scale without compromising on the quality of the service. This will oftentimes require a way of being able to include a human layer with a very light touch to do quality checks and light improvements for many customers at the same time, as opposed to current professionals in service areas providing the full service for a limited number of customers. A balance must be found in going after growth (more focus on the full service) and profitability (more focus on the software).

Looking to found an AI startup? Sell the automated service, not the software.

Jean-Bernard **MELET**

CEO AT ELDO

I think that everybody is now looking to reach profitability and efficiency towards growth.

What allowed us to get close to it in 2023 is very counterintuitive as we managed to do it due to an M&A synergy and international development that usually takes too much time, money, and risk.

So, instead of sharing recommendations, I will share my 6 focuses for H2:

1. PEOPLE: You might have to reduce people and it has been hard. You don't want your top player to leave or the global equilibrium of the team's motivation to explode. So, we invest a lot in:
    - Communicate with transparency
    - Understand people's needs and prioritize people topics
    - Identify A players and secure them
    - Improve cross-collaboration: business, ops. and product

As a result, in Q1, we got our highest ever employee NPS.

2. CUSTOMER FOCUS: Double down efforts on customers from customer success to operations and/or product. There are 3 positive outcomes to it:
    - To reduce churn. A study carried out by Frederick Reichheld of Bain & Company found that increasing customer retention by 5% can increase profits by 25% to 95%
    - Generate upsell/cross-sell revenue, it can represent 30 to 50% of your revenue
    - Generate free leads for your sales team. It will allow you to decrease your cost of customer acquisition
3. PRODUCT DEVELOPMENT: Double down effort on product:
    - Iterate fast
    - Build viral loop/network effects
    - Don't forget scaling topics

In the past, we have been focusing too much on scaling growth but we generated technical debt. In fact, it is important to get your product ready for scale if you don't want to be slowed down by your product and see your COGS increase too much with your growth.

4. CASH FLOW MANAGEMENT: Find ways to collect more cash and faster:
    - Invoicing and collecting cash before your previous terms
    - Increase your prices or add new options

It is much more difficult to find cash nowadays so better find ways to generate flow from efficiency and customers.

5. STRATEGIC PARTNERSHIPS: It takes a long time to settle, but if you already have, you should get the most from it. Partnering with other software companies allowed us to:
    - To reduce churn
    - Generate leads
    - Increase brand visibility
6. LEADERSHIP: More than ever as CEO you need to be close to your people, customers, social network, and investors. Leadership has never been more important. I recommend:
    - Measuring the employee pulse on a quarterly basis and collecting feedback/questions before the company's meetings
    - Allocating more time to communicate with all counterparts
    - Spending time making sure all C-level and managers are aligned and share the same messages with the same language elements

> **"In the past, we have been focusing too much on scaling growth but we generated technical debt."**

Saskia **FISZEL**

FOUNDER & COO AT VIRGIL

For Series A startup founders and beyond, navigating the current landscape to finish 2024 on a high note requires two seemingly contradictory — yet logical — approaches.

For one thing, we all have now shifted the focus to profitability rather than vanity metrics. The old music of high-speed growth with no business model has run its course. The new tune is clear: profitability, profitability, profitability. And that's excellent for building a sounder economy!

However, let's be equally cautious with profitability-only blinders as we should be with growth-only mirages:

Founders, in my view, are trying to change the world. And to do so, they must create innovation on a massive scale. We know this requires a huge deal of ambition. Creating a small, profitable SME is one thing, but creating a profitable AND disruptive business that changes the face of our economy is even greater. While being financially prudent is essential, it should not stifle the desire to transform the industries in which startup founders operate. In my view, the big challenge for start-ups in 2024 is to adopt responsible business practices while maintaining their ambitious goals.

To remain competitive and make a real difference, start-ups must continue to innovate strategically. However, with scarcer resources, founders need to prioritize the most promising initiatives and focus on those with the greatest potential to create value, while avoiding dispersion. To be "successful" in 2024, there is no magic formula: we will have to be extremely selective and rigorous in steering the company as well as meeting deadlines to give innovation the place it rightfully deserves.

Pierre-Marin **CAMPENON**

GENERAL MANAGER EU,
PARTNERSHIPS AT YOUNITED

Entrepreneurs today find themselves operating in a landscape transformed by a sudden shift from growth-centric to value-centric approaches over the past two years. This shift has ushered in a 'new normal' in 2024, characterized by a long-overdue emphasis on value creation and sustainability.

In this evolving paradigm, the hallmarks of successful companies are clear: a relentless focus on profitability, operational efficiency, and sustainable growth. These fundamental principles, often regarded as common sense, have surged back into prominence within the tech sector in recent months, now forming an integral part of every entrepreneur's strategic framework.

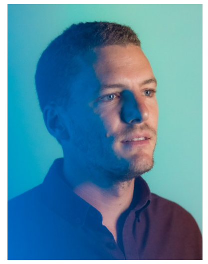
However, it's crucial to recognize that adhering to these principles alone is not sufficient to validate a business model. Entrepreneurs must also continue to innovate and cultivate their unique value propositions in this more rational environment. They must blend the profit-driven mindset of established corporations with the agility, innovation, and speed inherent to startups.

While there's no one-size-fits-all formula for achieving this delicate balance, some fundamental guidelines can steer entrepreneurs in the right direction:

- PRIORITIZE RUTHLESSLY: Adopt OKRs (Objectives and Key Results) frameworks to streamline strategic decision-making and focus on core objectives.
- CULTIVATE A DIVERSE TEAM: Surround yourself with individuals who embody a mix of financial acumen and forward-thinking vision, ensuring a balanced approach to business strategy.
- LISTEN TO THE MARKET: While staying true to your vision is paramount, remain receptive to market feedback and emerging trends (AI, circular economy…), adjusting your strategy accordingly to capitalize on new opportunities.
- EMBRACE PRAGMATISM: In an era marked by frugality and focus, be prepared to make tough choices, such as discontinuing unprofitable projects or optimizing operational costs, recognizing that such decisions often yield the greatest impact.

As always, history is a pendulum where any excess (the previous period was excessive, blind idolatry of growth at any cost) is irremediably, brutally corrected with a shift to the other opposite (now we're in a situation where we almost expect any venture to be profitable from day 1!). The key to success is to adopt a balanced approach, and a crucial tool to achieve that is common sense.

"Blend the profit-driven mindset of established corporations with the agility."



Tristan **VIÉ**

CHIEF SALES OFFICER AT
JOBTEASER

As we stride into the latter half of 2024, startup founders find themselves navigating an environment not vastly different from the previous year. Uncertainty remains a constant companion, challenging the resilience and adaptability of businesses. However, amidst the flux, there are invaluable lessons to glean from 2024.

Reflecting on past experiences, it's evident that hope alone is insufficient for sustainable growth. The focus must shift towards fostering healthy, tangible expansion.

Key Recommendations:

- FOCUS ON CONTROLLABLES: Amidst external turbulence, prioritize elements within your sphere of influence. Channel efforts towards areas where meaningful impact can be realized, fostering a sense of agency amidst uncertainty.
- PROFITABILITY QUEST: While growth is paramount, it should not come at the expense of profitability. Strive for a balanced approach that fuels sustainable expansion while safeguarding financial health.
- PRODUCT-CENTRIC APPROACH: Revisit the core of your business by engaging directly with customers. Field insights offer invaluable guidance, illuminating areas for improvement and innovation.
- STRATEGIC DECISION-MAKING: Embrace strategic decisions, even if they entail tough choices. Regret often stems from indecision rather than action, highlighting the importance of bold, decisive leadership.
- PEOPLE AND ORGANIZATIONS: Strike a balance between remote and on-site operations, tailoring approaches to suit evolving needs. Simplify organizational structures to enhance agility, transitioning from complex matrices to streamlined models.
- RETENTION STRATEGY: Prioritize retention by delineating clear criteria for retaining top talent. Communicate transparently regarding growth versus sustainability trajectories, aligning expectations with organizational goals.

Revenue-Related Advice for SaaS:

- NEW BUSINESS STRATEGY: Augment new business strategies with insights gleaned from existing intelligence. Leverage data to identify industries, company sizes, and territories with lower churn rates, optimizing acquisition efforts for sustained growth.
- EXISTING CLIENT FOCUS: Allocate resources judiciously by prioritizing high lifetime value clients. Don't take renewals for granted. Automate processes for smaller clients to streamline operations, maximizing efficiency and scalability.
- TERRITORIAL EXPANSION: Approach territorial expansion cautiously, acknowledging the inherent uncertainties. Focus on consolidating presence in high-revenue regions to mitigate risks associated with venturing into unknown territories.

Good luck with H2 2024!

Loïc **MOCELLIN**

EXECUTIVE COACH, STARTUPS OPERATING PARTNER

Don't shut your ambitions down…

…at least not all of them!

Investments and startups' valuations are not at their very best, you might have noticed that already! But that is not enough to make a crisis. It's possibly enough to show a bubble that just burst after a couple of crazy decades.

Assign your teams to "bread and butter" business.

Don't leave any low-hanging fruit on the tree.

Trust your management team to make the right decisions.

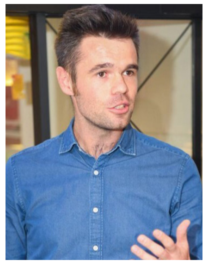
Hire well, fire fast, out of respect for the hard workers.

By being pragmatic and resilient, you'll be able to spend 20% of your time, along with your exec team, foreseeing what will happen beyond H2. Work on plans A, B, and C… and define in advance what will trigger them. When you're in the heat of the moment, decisions can be irrational, and you might want to avoid that.

Learn to listen to your emotions. Gain a clear understanding of what sets them off. Elaborate ways to channel them to be the great and inspiring leader they all need you to be.

If you trust your teams to keep the engine going, they will trust you to make the best decisions in critical moments and to take the right turn.

Oh…and if you can't manage, open up and find yourself a sparring partner. It's your duty to work on yourself and challenge your status quo, so you can remain good at what you do.



Martin-Pierre **GAULTIER**

CCO, CMO AT LEMONWAY

Don't anticipate the market. This may sound strange, but this is the hard truth for strategists today. We're now in a new era where the payback period needs to be shorter and certain. Start/scale-ups that could re-finance themselves in case of a late or uncertain product-market fit will no longer have this option.

Unless you are building a deep-tech innovation that is — in essence — requesting a long financing period without a short-term return, all other companies starting series A will be requested to deliver a short-term profitable action plan *(12/18 months)*. This means that having a deep understanding of your unit economics and your return on investment is mandatory.

Multiple sub-processes need to be assessed: When is your time to hire? What is then your time to revenue *(two very important KPIs for your CRO)*? You can also move up in the company value chain by measuring how fast you go from product design to product delivery. How does this resonate with your market maturity and your competitive landscape?

So, to finish 2024 strong, you need to be in full control of your company's key performance indicators, and those KPIs need to show evidence of the new profitability paradigm.

Florian **GENDRAULT**

FOUNDER & CEO OF ALLEO

In a world where change is rapid, AI is prominent, and competition is fierce, it's crucial to understand what makes your company unique. 2024 offers new opportunities, but only for those who determine their course with vision and determination. Given this context, it's essential for startup founders to focus on core strategies that not only promote growth but also ensure sustainability.

My advice:

- The right team turns challenges into opportunities. Seek individuals whose skills complement one another and encourage collaboration. Joint problem-solving not only leads to innovation but also strengthens the team's cohesion, making your startup more adaptable and resilient.
- Your product's development should be directly shaped by market feedback. Engage early with your target audience to validate your vision. Use customer feedback to iterate quickly, ensuring your product genuinely solves user problems and fits seamlessly into the market.
- Focus on a sustainable scale by ensuring a solid product-market fit. Avoid the temptation of rapid expansion without a stable foundation. Measure growth through customer retention and consistent revenue, which are true indicators of a healthy, scalable startup.

As we process through 2024, businesses must adopt a lens of honesty in evaluating their current standing. Uncertainty about your position warrants a phase of experimentation. Let these principles guide you as you navigate the remainder of 2024, steering not just towards growth but towards meaningful advancement.

"As we process through 2024, businesses must adopt a lens of honesty in evaluating their current standing."

Raphaël **BOUKRIS**

CHIEF REVENUE OFFICER & CO-FOUNDER OF DIDOMI

In the rapidly evolving landscape of 2024, the doctrine of "growth at all costs" has officially become a relic of the past. Last year was a clear demarcation, setting a stringent tone that persists: Series A, B, and C startups are now under the imperative to balance growth with capital efficiency. The market no longer forgives frivolous expenditure or aimless expansion; instead, there's a premium on strategic, ROI-driven investment. As a Chief Revenue Officer penning this narrative, I emphasize that achieving a harmonious balance between expansion and profitability is not merely advisable but essential.

Growth remains a non-negotiable for startups aiming for a significant valuation. However, the approach must be judicious. Every investment decision should pass rigorous scrutiny, underpinned by tangible returns. In this climate, focusing on creating a 'blue ocean' strategy for a singular, well-performing product in key markets is critical. Success in one's domestic market creates a stable platform from which to consider entering more speculative markets. This strategy not only mitigates risk through potentially lower customer acquisition costs abroad but also solidifies the startup's foundation for sustainable growth.

Moreover, the landscape of stakeholder expectations has transformed. Venture capitalists (VCs) have heightened their demands but so have prospects. The latter's appetite for superficial "nice-to-have" solutions has diminished, giving way to a demand for products that deliver significant, measurable impact. In this environment, the role of the CFO has ascended to new heights, embodying a critical voice in the executive decision-making process. It is imperative for product teams to cultivate deep, empathetic connections with both current customers and prospects. This closeness enables a precise understanding of the market's pain points, guiding the development of innovations that address genuine needs with quantifiable benefits.

The essence of navigating post-Series A growth in 2024 is simple in theory yet complex in execution. Startups must resist the temptation to dilute their focus across too many projects or markets without clear ROI. The successful ones will be those that manage to innovate within the confines of what is genuinely valuable to their customers, thereby crafting high-value propositions that resonate deeply with their target audience.

Geert **VAN KERCKHOVEN**

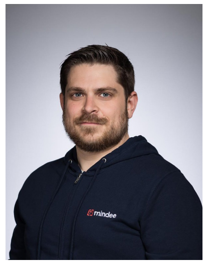
CEO & CO-FOUNDER OF OPER CREDITS

As a fellow SaaS founder, I've gained invaluable insights from my journey that I'd like to share. While my experiences may vary from yours, these tips can offer valuable guidance:

1. HIRE STRATEGICALLY, BE UNCOMPROMISING: The saying "hire the right people" is a cliché for a reason—it's crucial. Don't settle for less than the best. Despite the temptation to expedite growth by cutting corners in recruitment, it's a costly mistake in the long run. Stay stringent in your hiring process to ensure you surround yourself with top-tier talent. Remember, quality over quantity is key.
2. ONLY SCALE A PROCESS WHEN IT WORKS AND IT HURTS: Avoid the trap of throwing resources at every issue that arises, especially post-funding. Instead, only scale when you feel you hit the nail on the head. If you feel your sales motion works and your salesperson is not effective anymore because there's too much to work on, scale. Don't hire more salespeople when they don't know what to sell.
3. PRIORITIZE DILIGENTLY, UTILIZE TIME WISELY: Use the Eisenhower Matrix to categorize tasks based on urgency and importance. Allocate ample time for non-urgent but important tasks, delegate urgent but less critical matters, and steer clear of non-essential distractions. Running long days and working hard on non-important / non-urgent items makes you feel busy, but it doesn't move the needle for your business.
4. STAY HANDS-ON, LEAD BY EXAMPLE: Regardless of how your team is growing, remain actively involved in operational aspects. Technical founders should still carve out time for coding, while go-to-market founders must prioritize sales efforts. Leading by example instills a strong work ethic within your team and fosters a culture of accountability. Never lose sight of the operational side of your business as it's where the true battles are won.
5. OFFER DIRECT FEEDBACK GENEROUSLY: Founders often have an intuition when something isn't right—this is (or at least should be) your superpower.

Therefore, tackle problems head-on rather than avoiding them—the issues rarely disappear on their own. Ignoring issues can only lead to frustration. Lead by example, you have an incredibly high bar for yourself so communicate that kindly to others.

"Tackle problems head-on rather than avoiding them."



Michael
GONZALEZ

CRO OF MINDEE

As we edge closer to the pivotal second half of 2024, it's clear that for startups aiming not just to survive but also to thrive, rethinking traditional strategies is not an option — it's a necessity. Here's a distilled strategy that cuts to the chase.

START WITH YOUR CUSTOMERS

Putting customer centricity at the core isn't just nice to have; it's your lifeline. Every piece of your startup puzzle, especially sales, needs to click into what your customer really wants. This means every team, not just customer service, gets down in the trenches to understand and solve real customer problems. When your product hits that sweet spot of customer need, your sales pitch practically writes itself. It's genuine, powerful, and most importantly, effective.

TIGHTEN THE CS-SALES LOOP

Forget about silos between Customer Success (CS) and Sales. These teams need to be so in sync that they practically finish each other's sentences. Why? Because insights from CS can turn into gold for Sales, helping tailor pitches that resonate. This isn't just about improving customer satisfaction; it's a strategic move that directly boosts sales figures by ensuring your offer is spot-on every time.

AI IN SALES: THE GAME CHANGER

First off, embedding AI into sales isn't just smart; it's essential. Think of AI as your team's superpower, automating the grunt work and ensuring your sales force zeroes in on leads that matter. This isn't about replacing the human touch but amplifying it, letting your team focus on relationships and closing deals where they can truly make an impact.

"Every piece of your startup puzzle, especially sales, needs to click into what your customer really wants"

VC PARTNERS

Kolja HESKAMP,
Torq.Partners

Léa VERDILLON,
Aglaé Ventures

Bruno DELAHAYE,
Cathay Innovation

Margaux GREGOIR,
Alven

Kolja **HESKAMP**

MANAGING PARTNER AT TORQ.PARTNERS

The venture capital funding market shows signs of picking up and will recover further throughout 2024. However, if your business doesn't involve AI, quantum, cyber security, or IoT, you might not feel the love as you did before. If this applies to your company, here are my recommendations for you.

Firstly, it is time to buckle down and take a leaf out of the bootstrappers' book. Focus on your economics and margin structure. Work your cash conversion cycle and make your runway count. Unleash your internal financing power as much as possible to reduce your external financing requirements. Focus and operational excellence are key to keeping it going, and growth for growth's sake should be questioned more than ever.

Secondly, while you focus on your business, cast a wider net in your fundraising efforts. Understand what the bankability of your business is. Assess the collateral worth of your order book, recurring revenues, and assets. Learn how to build structures to utilise your customers' or suppliers' creditworthiness. Outside of venture capital, connect with strategic investors, family offices, PEs, and traditional investors early. It will not be the unicorn exit you imagined, but it could keep your business alive, creating value for your shareholders and stakeholders alike.

Being financially savvy will not save you from an underperforming product or lack of traction, but it may just be the skill to tip the balance in your favour.

Léa **VERDILLON**

PARTNER AT AGLAÉ VENTURES

2024 will be the year of truth for founders who planned for 24 months of runway when the market started to change in 2022. If the startups succeeded in improving their cash efficiency while continuing their growth, it would be a great moment to raise the next round of financing and grow in the equity story. Valuations may have changed, but VC funds are ready to invest again. For others, this could be more complicated to find fresh money on the market, especially those who have a lot of debt and need to start reimbursing banks. Ensuring the survival of the company is the number one goal of a founder, followed of course by the product vision and the recruitment of an A team.

With the economic downturn, the customers had to focus on the software, which is bringing ROI, solutions that have a significant topline effect or productivity advantage. That could explain some retention issues for SaaS products in 2023. Founders then took the opportunity to focus on real value in their product roadmap: this is the most important thing at the end of the day. Product, product, product. Keeping the pace of innovation, listening to users, and building only features that bring business value. Good products can drive your growth but also keep your customers dependent. 2023 was also a good moment to adapt the ICP while improving the customer success department. The companies are now stronger and ready to take the chance of going back to high growth.

Bruno **DELAHAYE**

PARTNER AT CATHAY INNOVATION

In 2024, the watchwords for start-up founders will be agility and resilience to achieve their objectives and, above all, to emerge in a complex economic context. To achieve this, they have several options open to them.

Firstly, they must prioritize growth by optimizing their business models and operational processes. This means refining customer acquisition strategies, optimizing product-market fit, and implementing efficient internal systems to support scaling efforts.

In addition, these managers will also need to rethink their positioning concerning their competitors and emphasize their differentiating points. To do this, investing in R&D will be the key to stimulate innovation or strengthen intellectual property to safeguard themselves. A real breakthrough in 2023, AI was still one of the main areas of concern in 2024; a technology that has undoubtedly continued to reshape many areas of the industry and is set to become the backbone of the global economy in the next ten years. For non-AI founders, it is urgent now to gain an in-depth understanding of how their market is transforming and how they can best take advantage of this opportunity and at least enhance their MOAT against this disruption.

Founders will also need to remain vigilant when it comes to managing their cash flow and allocating their capital. In an uncertain economic context in the grip of market fluctuations, financial discipline is critical and it is crucial more than ever to showcase an efficient use of capital. It is essential to strike a balance between investing to stimulate growth and maintaining a healthy cash position to deal with the unexpected.

Finally, the founders will need to consolidate their relationships with their current investors and explore potential strategic partnerships or financing opportunities that are in line with their long-term vision.

“Investing in R&D will be the key to stimulate innovation or strengthen intellectual property to safeguard themselves.”

Margaux **GREGOIR**

INVESTOR AT ALVEN

I could have written about sustainable growth, the impact of AI on your competitive environment, or why talent density matters. These things matter a lot, yet, I think you’re already well aware of that. So, I opted for a broader call because of the current context.

As founders, your role as a leader goes beyond your business hat.

You design the products and solutions we use in our business and personal lives; you create a work environment in which dozens, hundreds, or thousands of individuals will grow; you challenge the status quo, question regulations, and shake up the establishment.

You’re not only an entrepreneur, but a friend, a life partner, a sibling, a parent... And you’re also a *citizen*. You belong to a society that offers essential rights and you must abide by some duties. In the Aristotelian acceptance of it, a good citizen is an ethical person because the virtues to live a good human life are similar to those needed to rule and be ruled, in a parallel between ethics and politics.

2024 comes with its own bunch of challenges — from geopolitical threats to financial uncertainty — against the backdrop of the AI revolution. Many pieces of our puzzle are reshuffled, our social order is jeopardized by war, by inequality, by an economic crisis… In this context, think of your citizen hat, think of your company as a piece of this bigger social order. Always account for the long-term impact of your decisions, even when tactical moves are critical to your survival. Don’t lose sight of this ecosystem you’re plugged in and that pays back what you give to it. Reread Bruno Latour’s thoughts on modernity.

In doing so, you create long-lasting relationships — including business ones — that will pay back, you attract talent that will benefit your company, you reinforce your culture if the going gets tough, and you unconsciously prepare for your exit.

As an entrepreneur, you shape our world. Embrace this challenge and act as a citizen-founder. We do our best to act as citizen-VC too.

“Always account for the long-term impact of your decisions, even when tactical moves are critical to your survival. Don’t lose sight of this ecosystem you’re plugged in and that pays back what you give to it.”

OBSER-
VA-
TORY

Section
02

Data on H2 2024 trends, collected from CEOs of tech startups in Europe

OBSERVATORY RESEARCH 2024

Observatory research aims to present trends in management, sales, and marketing in the startup ecosystem.

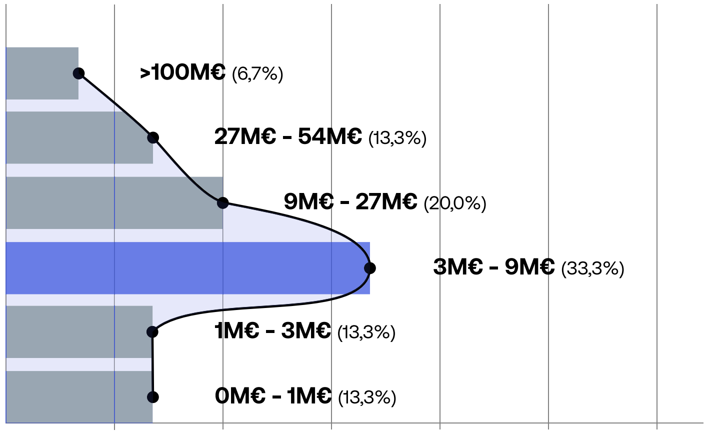
The anonymous survey is conducted among startup leaders and showcases where their organisations stand at the current moment and how do they plan to evolve.

Participants

CEOs and founders from leading European startups

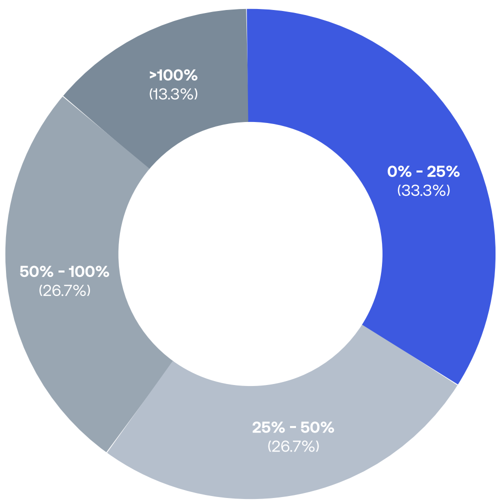
What is your ARR?

Anonymous information about the ARR (Annual Recurring Revenue) of organizations involved in the research, aiming to assist readers in determining the relevance of the findings to their specific business cases.



Growth in next 12 months

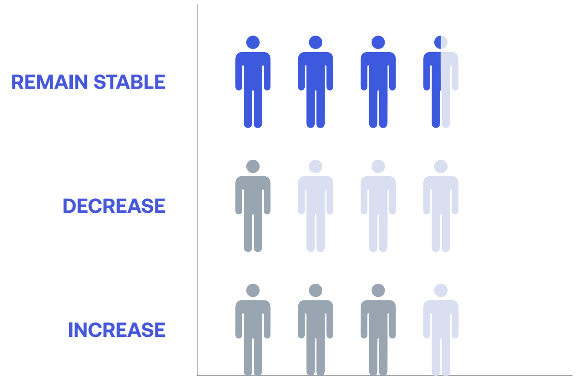
How are you planning to grow in the next 12 months?



An estimate of organizations' growth projections for the next 12 months, indicating a slightly predominant expectation of 0% to 25% growth.

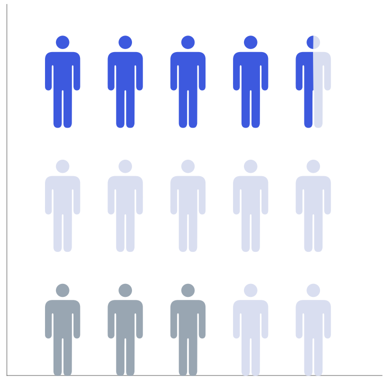
FTEs increase

Will the number of FTEs in your organization increase, remain stable or decrease?



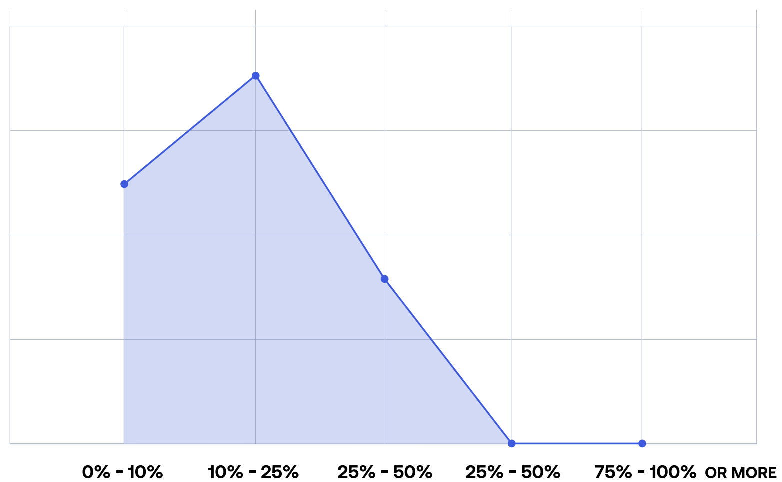
FTEs in sales team

Will the number of FTEs in your sales team increase, remain stable or decrease?



Hiring A-Players

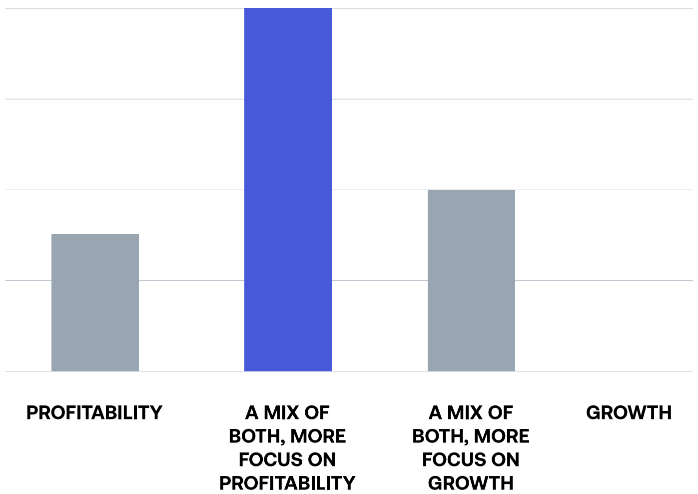
How far above market are you willing to pay to hire an A-player in your leadership team?



Profitability or growth

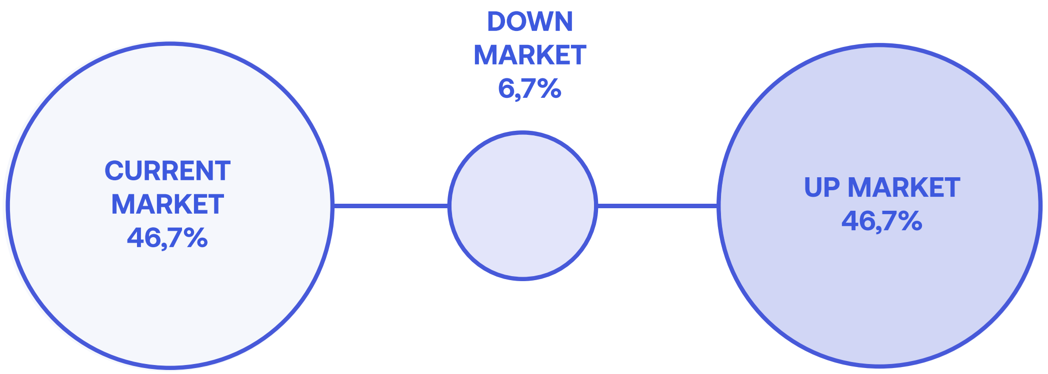
Will your focus for the next 12 months be on profitability or growth?

We posed the omnipresent question to companies regarding their business priorities, whether leaning towards profitability or growth. Responses indicate a slightly more optimistic outlook compared to last semester, yet still reflecting highly cautious approach.



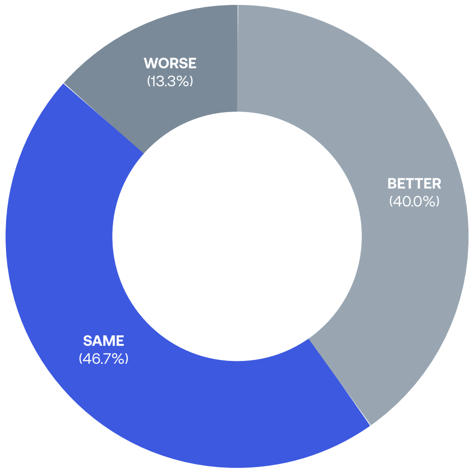
Market segment

Are you planning to go-up market, stay in your current market segment or go down-market?



Market conditions in H2 2024

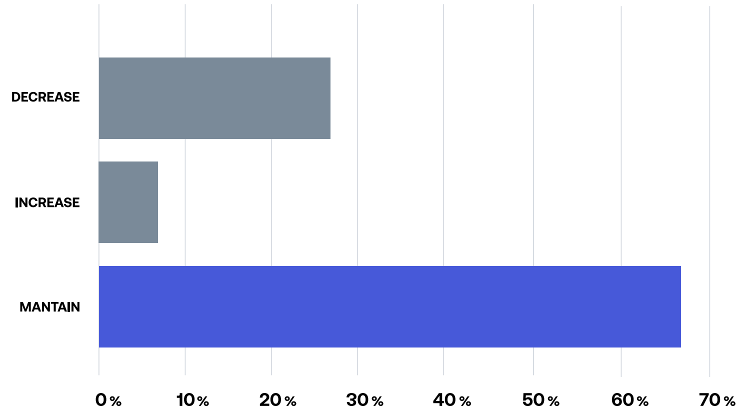
Do you think the tech market will be worse, the same, or better than the last 6 months?



Beginning with the current edition, Perspectives Journal Observatory will regularly pose this question every 6 months. This ongoing effort aims to provide readers with a trend analysis of forecasts from top tech leaders regarding market conditions —whether improving, remaining stable, or deteriorating.

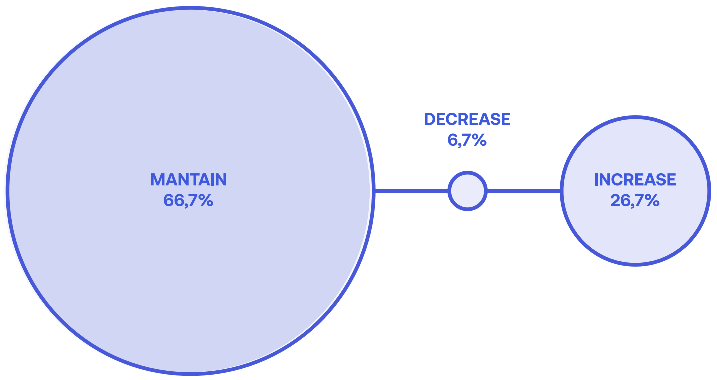
Sales toolstack

Are you going to increase, maintain or decrease your sales toolstack this year?



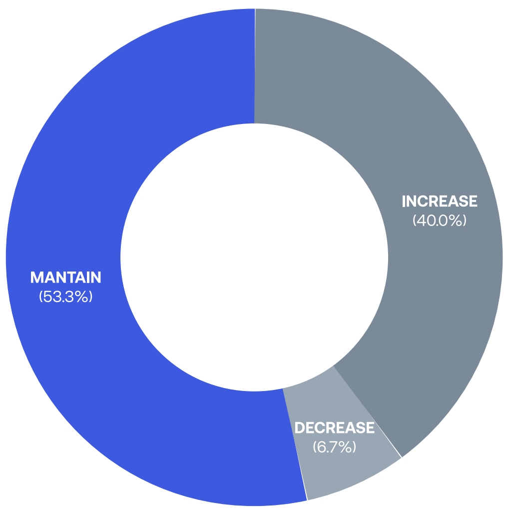
Marketing budget

Are you planning to increase, maintain or decrease your marketing budget?



Sales enablement

Are you going to increase, maintain or decrease your sales enablement resources?



New geography

Are you planning to open a new geo/country in the next 6 months?

Companies are adopting a cautious stance towards internationalization. Data from this research indicates a fairly even split between companies content with their current market and those seeking to move upmarket, predominantly within their existing geographic regions.

PANEL TALK

Section

03

A conversation about how to create more pipeline in H2 2024

MORE PIPELINE IN H2 2024

Asya
KOTLER

VP OF SALES
ATSCALE

Laetitia
RIBIER-COSTA

VP OF SALES
ATSCALE

Richard
SCHENZEL

MANAGING DIRECTOR,
NORTHERN EUROPE
ATSCALE

MODERATOR

Natalia
HOUSSE

EDITOR IN CHIEF OF
PERSPECTIVES

HOW TO CREATE MORE PIPELINE IN H2 2024

MODERATOR

Thank you Asya, Laetitia, and Richard for joining this discussion.

To begin with, I suggest discussing briefly the current context of pipeline generation. Where do we stand, and what are the key limitations?

ASYA

I will start with the fact that most companies are struggling with pipeline generation because it's harder and harder to create a unique value proposition and describe which gap exactly you are solving that is not a commodity.

To do that, you need to break through a lot of noise. Everyone is doing massive marketing campaigns and massive outbounding. And it's very difficult to get to the right personas, especially if you want to sell topdown. Those personas, they're already blind to any noise. Even if the message you're trying to get across is valuable, they cannot hear it because it's just too muffled.

"Those personas, they're already blind to any noise. Even if the message you're trying to get across is valuable, they cannot hear it."

MODERATOR

How can companies cut through the noise to reach their personas?

ASYA

I think to build the right type of pipeline, you need to be hyperfocused.

Your ICP, beyond the fact that it needs to be revamped and reviewed all the time, has to grow beyond Persona and company signals to actual intent signals.

The data-driven approach of understanding who to reach out to and how to prioritize who you are reaching out to is key. Collect the data on certain product or marketing activities your persona did, and then help the sales population use this data.

RICHARD

Earlier, in the golden age of SaaS, there was a lot of money flowing through the market, and we created a system where things were kind of easy: we've built a demand gen machine, yet SDRs and AEs created their own whole revenue engine.

And now, when budgets are lower, you need to sell to more personas than ever and that takes longer. That's why it's so important to be laser-focused.

If sales teams are under pressure, what tends to happen is that they spread their horizon. But with this approach, you are diluting your message and setting yourself up for failure down the pipeline, wasting your time on wrong leads.

Today, it's really all about building that value proposition that makes sense. And that's why it's super important to have that clear ICP, perhaps going through a full ICP workshop with your entire organization to make sure that the product roadmap is aligned with the needs and the challenges of your buyer persona.

The old days of rolling out some email campaigns are over. You really need to specify where you make an impact.

"And now, when budgets are lower, you need to sell to more personas than ever and that takes longer. That's why it's so important to be laser-focused."

LAETITIA

The recent tendency that we observe is B2B buyers demonstrating the same behaviors as B2C buyers.

They do a lot of research before going for a product, and we tend to contact them thinking that they don't know much about our product and about the competition, which is a mistake.

There is something that we need to be better at in B2B, which is lead gen. People need to have more content, they need to be able to find documents online that they can consult to perceive you as a company of trust.

And here we can touch on the subject of referral as well. If your own clients are giving referrals for your product, it's actually easier for you to get new leads, and new leads will convert faster as well.

Another thing that we are noticing is increased personalisation. Now, when we send a message, we need to understand our buyer persona very well. We need to do research and see if they have participated in a talk / written an article / have been published somewhere; we need to see what's on their LinkedIn page, and so on. We need to be very personal when reaching out to them.

It's not easy to do at scale. But trying to catch maximum leads in your net to see what comes out of it is not working anymore. Because these B2B buyers are becoming more and more aware and educated about what's outside.

And perhaps, for SMB prospects, there should be much more self-serve, while we focus our efforts on building a sales machine and a sales population ready to tackle enterprise and more complex deals.

"Trying to catch maximum leads in your net to see what comes out of it is not working anymore."

MODERATOR

Could you specify when it makes sense to have self-serve, and when it doesn't?

RICHARD

It comes down to the good old people-process-technology assessment.

It would make sense, indeed, to create a big demand organization if your customers bring 5K or 10K A/C on the yearly contract value. So, first of all, look at your ACV. Then, look at the seniority of your buyer. And, finally, at the complexity of the implementation. Those three elements together will decide what type of go-to-market motion you should have.

For your mid-market part, you have maybe a full sales cycle. We've created a world where we all have SDRs and AEs and where AEs become kind of lazy. The new generation of AEs was used to having those booked meetings on their agendas. But now the market is changing. You see, actually, that lower value deals are going through this process as well — there are a lot of handovers and it's a terrible user experience. You can lose a lot of information, and there are a lot of moments where prospects can drop out.

Now I'm slowly getting into the people part already because we need to move more to an outbound situation. And you have to assess if you have the right people in place — the ones who can actually prospect and hunt for new leads.

ASYA

I think many companies are trying to win on too many fronts simultaneously.

One of the things we notice is start-ups and scale-ups trying to do what they call PLG, which is not PLG at all, it's self-serve, but they use the buzzword for their investor's sake, I guess.

And then they are also trying to sell enterprise top-down strategic level value.

So, on the one hand, you need to be able to talk to VP or C-level buyers to learn about their industry before you can really start a meaningful conversation.

On the other hand, you need to build a self-serve journey with conversion points and intent signals.

They put the same AEs to do both things, and they use the same landing page or website content to generate leads from both ends. It doesn't work and this is where, in fact, over the last 2 years they saw the biggest break of the pipeline.

People were lying to themselves that if they didn't have a lot of enterprise pipeline, they would launch this self-serve and immediately get tons of leads.

First of all, people who are coming to self-serve are users, they are not buyers. So, you don't have leads — those are not leads.

And then obviously, you don't invest in the right type of content deliverables. So, you actually mess up on all fronts. That's what we've seen in startups that launched around 2018 onwards.

"Most companies don't have software that is adopted like a flame in a field. So, then don't waste your time and resources and very big marketing budgets to acquire those self-serve users."

So, what I push my customers to do is to really evaluate if my product is highly adoptable and highly consumed. If the adoption is very high and fast, maybe you should pull all your bets on the self-serve go-to-market, and then, you need other sellers for mid-market and enterprise, as Richard said — and that's a different ball game.

But most companies — they don't have that. Most companies don't have software that is adopted like a flame in a field. So, then don't waste your time and resources and very big marketing budgets to acquire those self-serve users. Put everything into the right enterprise motion, and then, if you are going with an enterprise motion, don't try to win all industries.

And I think companies are not doing enough industry depth, which is unfortunate.

MODERATOR

Let's dive into the verticals and industry specialization. What should companies consider?

RICHARD

I think it's extremely important to become your industry expert, building on what we mentioned before about the importance of providing value to customers.

This will help later on in referrals and case studies, and it can help with building a solid renowned brand. For B2B, it's extremely important to make that business case. First, create a clear vision of ICPs and then show them that you understand their challenges and present the business case to overcome them and achieve real impact.

LAETITIA

At the same time, though, companies need to be careful as well not to be too niche. It's a delicate balance — while it's important to become an expert in your industry, you don't want to steer into being too niche; otherwise, if something happens with that specific industry, your business will suffer.

MODERATOR

Let's deep dive into this for a moment, how can you recognize if you're going after the right amount of verticals, and then, how can you define which verticals to tackle?

RICHARD

What you could do is look at your current customers, and where do you make the most impact. And you can look at this from two perspectives:

- One is your go-t-market fit. On a scale from 0 to 10, how hard is it to sell to this company?
- Then, you can look at your product market fit. On a scale from 0 to 10, how much impact do we make for this company?

LAETITIA

And then, once you have acquired a bit of experience, and you start to have a portfolio of clients, you can start diversifying as well. But step by step, as Asya mentioned, instead of trying to go everywhere at the same time.

ASYA

I can't agree more with Richard about learning about your existing customers. Going forward into 2024 and 2025, improving your NRR will become more important because ARR has been, I would say, over-mooched.

And finally, I think people understand that, hey, we should grow the pipeline from existing accounts.

One reason is referrals, and it's my golden tip for everyone — don't stop asking for referrals from existing clients and prospects. Even if the prospect says you're not a fit, you can always ask if they know anyone who can benefit from it, like a referral.

But then the second reason — our customers always understand our value proposition better, so collecting feedback is crucial. And this is another golden nugget that I use often to acquire a new pipeline.

"Going forward into 2024 and 2025, improving your NRR will become more important because ARR has been, I would say, over-mooched."

RICHARD

One huge trend is to create customer advisory boards or user advisory boards to really collect quality feedback. First of all, celebrate your users. And second of all, there are so many valuable tips there. That's what we mean by becoming customer-obsessed.

LAETITIA

Companies mention this often, but they rarely actually go ahead and execute it. We see that they reinforce their acquisition team, and they don't do it for their existing portfolio clients. But it's so important to put all the effort into your existing clients. They are your backbone, and we need to nurture that relationship.

> **MODERATOR**
>
> **How can companies safely invest in working with a pipeline of existing clients without having this parachute of a large number of new leads?**

LAETITIA

I think companies should be relying more and more on data. Companies retain a lot of information, but most of the time, this information is not transformed into data. And most importantly, this data rarely turns into insights to help your teams make smart decisions. Instead, people rely a lot on feelings and perceptions.

RICHARD

I see a shift in the market where more and more companies understand that CS is not only about churn prevention and a supporting type of role. Instead, they can actually grow business as an actual revenue driver, if you actually train the team to sell.

ASYA

It's very true. We haven't spoken about partnerships yet. What do you guys think? What is the role of partnerships today?

RICHARD

More important than ever.

ASYA

Why, what type of partnerships?

RICHARD

I think it's more about building an ecosystem together. I think in the past many companies were keen to go direct to control the full cycle. But you can only go so far by yourself, especially when expanding into new territories. Partners can actually help you because they have a network already. Yes, you need to give them a fair share, but I would rather have a small piece of a really big pie than a very small pie.

"You can only go so far by yourself, especially when expanding into new territories."

LAETITIA

If you have complementary strength, it works very well.

ASYA

I have a complicated relationship with partnerships, and I will explain why.

You need to have a lot of patience, and you need to invest a lot upfront before you get to build a strong partnership. You will only see fruit if you invest in the long term.

RICHARD

It takes longer, indeed. And I think that's why a lot of leaders were favoring the direct approach. I used to work for an e-commerce company, where we were expanding into Southern Europe.

The sales population was incentivized on the direct part, so we had to change the compensation plans, but it wasn't effective enough. In the end, we had to split the team into a partner team and a direct team. So, the issue is also how do you incentivize your people because indeed, it's not something that will pay off straightaway.

LAETITIA

I think you really need the right people for a partnership manager position — people who thrive in relationship building and have a lot of patience, yet who are capable of making a sale at the right time.

MODERATOR

So, we can say that partnerships have to be approached in the right way, which implies resource allocation. Since not every company can afford to pour resources into partnerships, can we label it a nice-to-have option?

LAETITIA

Absolutely.

ASYA

I will share one interesting option of partnerships that emerged last year in the SaaS market here in Israel, which was a very shaky year and still is. But this is something very curious to learn from.

Many startups created technological partnerships. So, they actually brought together complementary value propositions and sold them as bundles. And this is something very unusual. We haven't seen a lot of it, for example, security and cost optimization selling together as a bundle. It's almost like going back into services, selling packages as a whole assessment. This is how we can also maximize every dollar, every customer.

"Many startups created technological partnerships. So, they actually brought together complementary value propositions and sold them as bundles."

RICHARD

Yes, so the go-to-market motion is completely different from the direct model. I think that's where a lot of companies fail as well because they evaluate the growth rates of partnerships the same way as they evaluate the direct channel.

It really is a long game, but it's extremely powerful. And yes, bundles and partnerships with software complementary types of solutions are a great idea.

THOUGHT LEADER-SHIP

Section 04

A curated collection of opinion pieces crafted by VC investors, startup and scale-up executives, and tech thought leaders to navigate H2 2024

THOUGHT LEADERSHIP

Marc FOURNIER,
Serena

Maya NOËL,
France Digitale

Alexandre MOLLA,
Sharelock

Reinder LUBBERS,
No Such Ventures

Patrick LORD,
Truffle Capital

Bozena ADAMCZYK,
Truffle Capital

Julie RANTY,
Pollen

Wolter REBERGEN,
Younium

NAVIGATING VENTURE

CAPITAL CHALLENGES

AMIDST INCREASINGLY COMPLEX TRENDS AND MARKET IMPLICATIONS

By MARC FOURNIER
CO-FOUNDER AND MANAGING PARTNER AT SERENA

ABOUT THE AUTHOR

Marc Fournier is co-founder and managing partner at Serena, a leading investment firm in Europe established in 2008, with €750 million under management across seven different vehicles. The fund finances and supports innovative startups, from the seed phase to Series A with investments ranging from €500,000 to €15 million. AI, SaaS, climate tech, and impact are the most preferred industries.

ABOUT SERENA

Founded in 2008, Serena, one of Europe's leading venture capital funds with €750m under management, supports innovative entrepreneurs from seed to series A.

Focusing on AI, SaaS, climate tech, digital transformation, and impact, Serena has invested in over 100 startups, including Accenta, Aramis-Auto, Dataiku, Descartes Underwriting, Electra, Lifen, and The Fork.

Venture capital has long been a driving force behind innovation and entrepreneurship, providing crucial funding to promising startups. Recent years have offered an overabundance of cash, creating several market distortions that are being corrected.

In the first place, markets have seen the emergence of several GPs that offer little to no experience in entrepreneurship and oftentimes unproven investment track records, similar to the late 90s. It leads to poor performance in the industry and an increase in valuation since these GPs have nothing else to offer other than money. It leads to frustrated entrepreneurs when they meet harsh times as their VCs cannot live up to their expectations.

Meanwhile, the rapid proliferation of startups in recent years has led to increased competition for funding. As a result, VCs may find it more challenging to identify and invest in high-potential opportunities. It is all the more so as the market has seen the emergence and disappearance of "non-entrepreneurs". After the bubble burst in 2001, new terms were reinvented. B2B became Back-to-Banking and B2C turned into Back-to-Consulting. Would-be entrepreneurs discovered that entrepreneurship is a lot more than executing an Excel spreadsheet and they are stepping down from their own companies leaving VCs in a difficult position. Today, the market has not yet flushed out those entrepreneurs who want to be part of a changing world as opposed to those who actually change the world.

In addition to this, uncertainties surrounding global economic conditions, including inflation, interest rates, and geopolitical tensions, can dampen investor confidence and prompt VCs to exercise caution in deploying capital. And valuation concerns crown it all. Private equity and venture capital are often associated despite being two different industries with dramatically different reflexes. Yes, VC-backed companies will eventually lead to becoming PE-backed companies, but the second phase cannot happen without the first existing.

Pre-seed, seed, and A rounds have not been affected by the decrease in valuation.

Rounds C and above have, on the other hand, been seriously affected and those who have not been affected often have either received "internal" funding or have not needed new rounds of investment.

All those considerations strongly impact the market, especially when it comes to consolidation and M&A activity. In response to limited funding options, startups are becoming more inclined to explore acquisition or merger opportunities as a means of securing resources and expanding their market presence. This could lead to increased consolidation within certain industries and drive M&A activity. Startups that don't enter this process soon enough will lead to "fire sales".

"Today, the market has not yet flushed out those entrepreneurs who want to be part of a changing world as opposed to those who actually change the world."

The shift in investment focus is also a new trend as VCs look towards lower-risk profile companies with proven proof of concept and foreseeable revenue streams. While this approach may offer greater stability, it could also limit opportunities for disruptive innovation. Over the past few years, growth was the only key indicator leaving aside all other factors. The “rule of 40” has appeared and EBITDA is back in fashion. In other words, invested money focuses on better product and customer retention rather than growth at all costs. It implies that companies need to do better with less.

On the other side, this situation opens opportunities for alternative funding models, such as corporate venture capital, crowdfunding, or government-backed initiatives. These alternative sources of capital may play an increasingly significant role in supporting innovation and entrepreneurship in the absence of traditional VC investment.

Ultimately, new strategies for overcoming capital deployment challenges can be followed.

- DISCIPLINE

  As often, in bullish markets, “every” investment is a winner, and discipline is often put to the back burner as deemed unnecessary. This is unfortunate because of all asset classes, VC is probably the one that benefits the most from discipline. Investments in VCs are based in part on thorough due diligence of tangible elements, but they are mostly based on non-tangible elements around soft skills that tend to be hard to quantify. Disciplined portfolio management then becomes key.

- DIVERSIFICATION

  VCs may explore opportunities to diversify their investment portfolios across different industries, stages of development, and geographic regions to mitigate risk and stabilize returns.

- STRATEGIC PARTNERSHIPS

  Collaborating with other investors, corporate partners, or government agencies can provide VCs with access to additional resources, expertise, and deal flow, facilitating more efficient capital deployment.

- FOCUS ON VALUE-DRIVEN INVESTMENTS

  Prioritizing investments in companies with strong fundamentals, scalable business models, and clear paths to profitability can help VCs deploy capital more effectively and generate sustainable returns over the long term.

- ADAPTATION TO MARKET DYNAMICS

  Staying abreast of evolving market trends, regulatory developments, and technological advancements is crucial for VCs to remain agile and responsive to changing conditions, enabling them to identify and capitalize on emerging opportunities.

The challenges facing VC capital deployment over the next 18 months reflect a complex interplay of market dynamics, economic factors, and the evolution of the entrepreneurial mindset. While these challenges may pose short-term obstacles for investors and startups alike, they also present opportunities for innovation, adaptation, and collaboration within the broader ecosystem. By leveraging strategic approaches and embracing alternative funding models, VCs can navigate the current landscape effectively and continue to drive progress and prosperity in the years to come. For those who have been in the VC industry for many years and have been through several cycles, today’s situation “is just another day in the office”.

“Technological advancements is crucial for VCs to remain agile and responsive to changing conditions.”

IN EUROPE AND IN FRANCE, REGULATIONS ARE ON THEIR WAY, WHICH WILL IMPACT THE STARTUP ECOSYSTEM

By MAYA NOËL
MANAGING DIRECTOR OF FRANCE DIGITALE

ABOUT THE AUTHOR

Maya Noël is the Managing Director of France Digitale, the leading European startup and investor association with over 2000 members. The organization’s mission is to create European digital champions and to animate and federate the startup and innovation ecosystem in France and Europe.

ABOUT FRANCE DIGITALE

Founded in 2012, France Digitale is the largest startup association in Europe, with over 2,000 French startups and investors. The association’s mission is to help European digital champions emerge by federating and carrying the voice of those who innovate to change the face of the world.

Europe had warned us when the new Commission was set up, back in 2019, that it wanted to make Europe "fit for the Digital Age", to quote Ms Vestager's title position. Indeed, the European Union has been extremely active on that front in the last five years, with landmark initiatives such as the AI Act, the Digital Markets Act, the Digital Services Act, the Data Act and the SREN bill (a French initiative transposing some of the aforementioned European regulations). Designed to frame the use of new technologies, these regulations have significant implications for the startup ecosystem. In line with European values, they aim to ensure transparency, accountability, and security while fostering innovation and competitiveness. However, despite their commendable intentions, they pose major challenges for startups, in particular with regard to the resources required to comply with them, which leads to a loss of competitiveness against foreign actors.

One of these landmark initiatives, as mentioned, is the Digital Markets Act, a proposal by the European Union to regulate large digital platforms, nicknamed *gatekeepers*, to ensure that other digital actors can have fair access to their services, open competition, and an overall fairer environment for smaller businesses and consumers. One example of its positive impact could be the Apple case and the associated fines for its practice in the online music sector.

> **"The enforcement of the Digital Markets Act could help promote a fairer and more competitive digital environment,"**

The Apple case highlighted the company's alleged anti-competition practices in the online music domain, particularly through the App Store. Apple was accused of favouring its own music services at the expense of its competitors by imposing restrictions and high fees on third-party developers who use its App Store to distribute their music applications.

The enforcement of the DMA could have a positive impact in this context in several ways:

- PROMOTING FAIR COMPETITION: The DMA aims to prevent large digital platforms from abusing their dominant position to stifle competition. By imposing strict rules on business practices, such as self-preferencing and unfair contract terms, the DMA could help create an environment where smaller businesses and new entrants can compete on an equal footing.
- TRANSPARENCY AND FAIR ACCESS: The DMA also requires greater transparency from large digital platforms, which could help expose unfair business practices like those alleged in the Apple case. The DMA's rules could require platforms like Apple to provide clear information on the terms and fees associated with distributing apps via their app stores, ensuring fair access for all developers.
- DETERRENT FINES: The DMA provides significant fines in case of non-compliance with the rules, potentially up to 10% of the company's annual global revenue. These deterrent fines could encourage large platforms to review their practices and align with the DMA requirements to avoid substantial financial penalties.

In summary, the enforcement of the Digital Markets Act could help promote a fairer and more competitive digital environment, where large platforms are required to adhere to transparent and equitable rules, thus benefiting smaller businesses and consumers. The Apple case and the associated fines underscore the importance of regulations like the DMA to preserve innovation and competition in digital markets.

Another key initiative launched by the European Commission was the AI Act, adopted in February 2024 but which started even before public attention turned to tools such as ChatGPT. This regulation aims to establish common standards for the development, deployment, and use of AI while ensuring the protection of the fundamental rights of European citizens. Among its key provisions are requirements for companies to disclose how they use AI, as well as security and transparency mandates. While these measures aim to build trust in AI-based technologies, they also impose additional obligations on startups, which may have implications for their ability to innovate and grow rapidly.

Compliance with the AI Act thus poses a major challenge for many European startups. These companies, often facing constraints on resources and capabilities, must invest considerable time and effort to understand and meet the regulation's requirements. Key steps include mapping AI systems, conducting impact assessments, obtaining certifications and CE markings, and establishing governance and oversight mechanisms. These processes often require significant investments in terms of personnel, technology, and training, which can pose an additional barrier to the growth of startups, especially those operating in highly technology-intensive sectors.

In addition to the AI Act, the bill aiming to secure and regulate the digital space (SREN) in France aims to transpose European regulations into national legislative frameworks. This bill, part of an effort to harmonize and modernize French law, aims to ensure the consistency and compatibility of national rules with European standards. However, its impact on French startups is yet to be determined, particularly regarding the complexity of compliance procedures and their interaction with other national and European regulations. For startups, it is essential to closely monitor the progress of this bill and ensure they have the necessary resources and support to comply.

Faced with these challenges, European startups need increased support from public authorities and ecosystem actors. As such, France Digitale, the startup and investment fund association I lead, plays a significant role in promoting the innovative ecosystem's interests and raising awareness of digital regulation issues. By advocating measures such as targeted funding, simplifying administrative procedures and strengthening support measures, France Digitale is helping to create an environment that is more conducive to innovation and growth for startups in Europe.

To overcome regulatory compliance obstacles, it is crucial to explore practical and strategic solutions. Public authorities could consider targeted grant programs to help startups finance compliance costs, while professional associations and incubators could offer specialized training and resources to facilitate the process. Furthermore, encouraging startups to integrate responsible practices from the design stage of their products and services can help build public trust and ensure their long-term success.

In addition, promoting collaboration among startups, large companies, universities, and public authorities is essential to drive innovation and consolidate the position of European startups on the global stage. By fostering knowledge exchange and strategic partnerships, we can strengthen the European innovation ecosystem and create true innovation champions.

We have all the means to make Europe the leader in innovation. Europe understands the stakes of innovation, and it is indeed the first to regulate them. Today, we must take a more assertive approach and enable market players to stay competitive because Europe must not only participate in the race for innovation, it must win it.

WHAT ARE THE KEY EBITDA LEVERS YOU'RE PLANNING TO ACTIVATE TO END 2024 AS STRONG AS POSSIBLE?

By ALEXANDRE MOLLA
CEO AND CO-FOUNDER AT SHARELOCK

ABOUT THE AUTHOR

Alexandre is the CEO and founder of Sharelock. After graduation from HEC Paris, Alexandre first pursued a career in investment banking before joining Uber as one of the first employees in Europe. Driven by a vision to revolutionize insurance through technology, evident in Sharelock's partnerships with major insurers and continuous product development, he then co-founded Sharelock with Nicolas Louvet.

ABOUT SHARELOCK

Sharelock is the first AI-backed bicycle insurance solution offering comprehensive coverage and innovative features, including real-time risk assessment and optimised routing. Partnering with major insurers, Sharelock ensures peace of mind for cyclists, addressing the first obstacle to bicycle usage — the fear of theft — and revolutionising the insurance landscape with user-centric solutions and unparalleled protection.

KILLING THE FIRST-BORN

2023 initiated a shift in paradigm across the startup industry in particular. With a sharp increase in interest rates following a decade-long period of cheap money and the subsequent deflation of valuations that had benefited from a ballooning trend, funding suddenly became scarcer, and early stage investors started to shift focus from investing in new rounds to taking care of their portfolio companies whilst dust was still settling.

As in any transitory phase, those who can read this evolving environment and actively adapt are more likely to strive during the next phase. And time is of the essence.

Over the past few years, founders, largely encouraged by their VCs, have mainly focused on their topline, often procrastinating on tightening operational screws in the process, to build sustainable ships.

With capital less easily available, or in other words, more expensive, the focus has quickly shifted towards the path to profitability and capital efficiency, with positive EBITDA being the new grail.

For a lot of companies, 2024 will be the year where you start to harvest the fruits of difficult decisions, as a result of some thorough strategic thinking answering key fundamental questions.

LOOKING AT UNIT ECONOMICS, CAN WE MAKE IT WORK?

Looking at the simplest level, pure unit economics, can we make it work? In other words, I know how much we sell our product; I can reasonably assume how much it costs to produce and to sell. Even if it's not current actual numbers, using realistic assumptions for the foreseeable future, can we ensure that we are not digging a bottomless pit?

One of the main pitfalls of having too much money at hand is that it becomes more and more difficult to remain scrappy for longer. As a result, acquisition costs inevitably increase and usually so does the size of the team.

Once we have established that our product is definitely worth selling, with clear customer acquisition costs and a healthy yet realistic gross margin, we also want to be realistic about our growth trajectory. Hypergrowth fueled by hyper-CAC is no longer on the table.

ARE THERE UNIDENTIFIED POCKETS OF GROWTH WE SHOULD GO AFTER?

Are there market areas we have not yet looked at (B2B vs. B2C, new verticals, new segments…)? Are there acquisition channels we have not yet leveraged, either direct or indirect, including strategic partnerships?

From a product perspective, it is worth assessing whether what has been built can be adapted to address new segments of demand and at what cost.

Of course, at a time when there is a heavy constraint on resources, it is key to manage focus and avoid wandering too far off our turf without careful consideration.

The challenge here is to ensure we uncover new pockets of growth whilst prioritising higher margin pockets.

CHALLENGING YOUR COST BASE, DO WE REALLY NEED ALL THIS?

What are the costs that are true must-haves, nice-to-haves, simple laziness, or even pure luxury? We need to thoroughly go through an exhaustive cost review to understand in detail what are the key items we could cut into.

Of course, most founders know at all times what their cost structure is…

Looking at the cost structure with one goal in mind — slashing into it by 20, 30, 50% — is a whole different ball game.

Some of those subscriptions are not detrimental to our day-to-day, of course. More importantly, you will realise some people also fall into the nice-to-have bucket.

WHERE SHOULD OUR FOCUS REMAIN?

We are talking about opening new acquisition channels and deploying strategic partnerships that may require sales efforts. We are talking about exploring new segments and potential adjacent verticals, which may require product development. In the meantime, we are conducting a potentially heavy streamlining of our cost structure, including a most certain impact on our team.

It's easy to get lost.

Focus is of the essence, also. From a product, and therefore, market perspective is it key to define what is out of reach, and what is an acceptable stretch, also considering the growth and gross margin perspective. Most companies' history includes a fascinating product history. It's actually fairly rare to see a company that has never iterated or even wandered off track from a product perspective. And this natural iterative process can create some legacy being built over the years, from simple features that are no longer useful, to fully-fledged independent products that are no longer relevant to the company. Killing your firstborn might be necessary.

Back in 2020, we created Sharelock to massively unlock bicycle usage, observing another shift in paradigm, the bicycle transitioning from a simple leisure activity to a fully-fledged daily transportation mode, with bicycles becoming more and more electric and more and more expensive. We noticed that the fear of theft was a major obstacle to bicycle usage. We created a hardware solution, the first shared lock in the world, which we produced, deployed, operated, and even patented. In the process, we identified bicycle insurance as a powerful lever to bring peace of mind to urban cyclers and unlock usage.

"From a product, and therefore, market perspective is it key to define what is out of reach."

In May 2023 we launched a fundraising process. Within three weeks, in the midst of the bubble bursting and, among others, the Luko debacle, it was clear this timing was not favourable, to say the least.

We swiftly took a step back, it was clear that we had a massive opportunity ahead of us, with a disruptive insurance product quickly becoming a reference on a new insurance segment, also showing strong traction and healthy unit economics.

The overarching strategic question we asked ourselves in June 2023 was simple: what do we need to do to break even without fundraising?

By July, we were already setting in motion an ambitious plan involving an accelerated pivot away from our original hardware activity (the firstborn mentioned above), aggressive cuts in our costs, including laying off 40% of our team and setting in motion a clear acceleration on the B2B front on the insurance to complete our product suite and tackle a whole new side of the market.

By October, we had delivered on our plan and had divided our monthly burn by 2.2x, which, completed with thorough work on cash flow optimisation, should allow us to break even before the end of 2024.

Overall, I realised that this was also a unique opportunity to up the level of our broader team and consolidate our company culture. By working in full transparency with the team, we enhanced trust as well as a clear understanding of the fundamental reasons we needed to take this turn.

On a personal level, I must say if this was one of the toughest parts of my journey as an entrepreneur, it has been most definitely the most exciting and the most rewarding to date.

"The overarching strategic question we asked ourselves in June 2023 was simple: what do we need to do to break even without fundraising?"

STEALING LIKE AN ARTIST:

INTERNATIONAL EXPANSION

FOR STARTUPS

By REINDER LUBBERS
VENTURE CAPITAL INVESTOR & MANAGING FOUNDER NO SUCH VENTURES

ABOUT THE AUTHOR

Founding partner of No Such Ventures, with a background as former Olympic rower, investment banker, venture capitalist and scaleup COO.

ABOUT NO SUCH VENTURES

No Such Ventures is a European focused deal-by-deal venture capital firm, based in Amsterdam, offering €2m - €8m equity investments, funded by ±150 connected angel investors.

Expanding your startup internationally is often very hard. Like stepping into a whole new playground where the rules are different, and you don't know anyone. You finally found the formula for success in your domestic market through many iterations of trial and error, and now, you might very well need to go back to exactly that — trial and error.

It's no secret that international expansion has become a bit of a default course of action when raising money from a (later stage) VC, but that doesn't necessarily make it the best moment to actually go abroad. Having said that, how can you determine whether to expand, when, where, and — most importantly — how?

STEAL LIKE AN ARTIST

The good news is that you are most certainly not the first company that has been through this, and there's a lot we can learn from those who came before us (and managed to survive).

It's not so much about copying their homework (which we, of course, would neeeever do…) but about understanding the principles behind their strategies.

So, here are some of the key 'steals' that we like to share with our startups.

CHOOSING WHERE TO GO

The first big question is, where do you even start? Picking the right country is absolutely crucial, as it steers your startup into a strategic direction and sinks money, time, and opportunity in the process. Targeting Germany, for instance, can be the pathway to unlocking Austria and Switzerland but failing to do so leaves you with a German-friendly product and setup that is of no use anywhere else. So, what can we learn from the greats here?

1. FIND YOUR AUDIENCE: Look for places where there's a gap only your product can fill. Spotify, for instance, went after markets with high piracy rates. That turned their proposition into a no-brainer for their suppliers as they finally offered a legal way to stream and distribute music — exactly what people wanted. Make sure your problem actually applies to the country you're looking at, step out, analyze, and never assume that your domestic problems automatically apply elsewhere.
2. UNDERSTAND THE RULES: Different countries = different regulations. Think about Uber's global expansion; they had to navigate a complex web of local laws. In some countries, their entire business model was initially not legal, making it all the more essential to do your homework on regulations before diving in.
3. CHECK OUT THE COMPETITION: Go out there and contact competitors, pretending to be a potential customer. We've seen a plethora of cases where the 'main competitor' turned out to be all bark while the real threat came from a business without any significant marketing. You don't want to find yourself in a position where you've optimized for an edge over a competitor that doesn't actually matter. Netflix always meticulously looked at what local viewers liked and what competitors were offering and what they were not.

The 'main competitor' turned out to be all bark while the real threat came from a business without any significant marketing."

ENTERING THE NEW MARKET

So, by now, you've gathered a good bit of information and have a feeling for what the people want, but that doesn't magically sell your product. "We will build it and they will come" that's what it says on many startup tombstones.

So, what lessons can be learned about how to sell abroad:

1. TRY FORMING LOCAL PARTNERSHIPS: Teaming up with local businesses can give you a headstart. You'd be surprised by how willing other startups or even bigger companies are to give this a shot. We've even seen competitors team up under the sentiment "we either create this market together or we die alone". In that sense, you are new here, so you might as well ask as many stupid questions as you can before anyone expects you to know the answers.
2. BUILD A TEAM ON THE GROUND: Having people who know the local market can make a huge difference. Companies like Stripe showed us that a good balance between new, local hires and a few established pioneers from your company can turn your new office into a new arm instead of a separate child that lacks direction and identity.
3. GO LOCAL: Airbnb's success in going global was partly due to how well they adapted to local markets. They made sure their service felt local, whether through language, payment methods, or cultural touches. Ask locals about how you can make your product resonate with them, without losing its original identity. Marketing could be your best bet here. While the Dutch typically look for a low price tag (guilty as charged), Germans may value quality over price more, requiring different messaging and customer journeys.

TO EXPAND AGAIN OR NOT TO EXPAND AGAIN IN THE SAME MANNER

The painful truth is that even a successful expansion to another country gives you zero guarantee that you can pull it off again. Everything you learned about the market, the culture, and the competition, 500 km to the south, most of it might not hold true anymore.

But that is no reason for despair. The core skill to master here is being flexible while using the previous playbook. Don't hold on to the previous GTM strategy, like it's gospel. But do look at your previous learnings. We see portfolio companies that are able to replicate international success in country after country, while other companies notice that every country poses a different puzzle.

"The core skill to master here is being flexible while using the previous playbook"

So, do not hesitate to iterate over and over again, refining the process but keeping the fundamental system in place. The decision whether and when to expand is ideally a continuous process, keeping you ready to jump at a moment's notice but never diving in like a fool.

WAIT, WHY WERE WE GOING ABROAD?

Going abroad can complicate matters: increases the size of your operations, increases your burn requiring capital infusion (hello VCs!), and complicates your governance and exit options as VCs require you to go big. Understand your own motivations first, whether you're fine with working hard for a longer period of time, as you will first invest time and money into a venture within your venture, with an unknown payout. You can also choose not to. There's nothing wrong with being a 'national hero'.

Should you want to expand internationally: it's definitely a challenge but also an incredible opportunity – to not have personal regrets down the road. And in executing, by learning from those who've been there before, you can avoid common pitfalls and make smarter decisions.

At No Such Ventures, we don't hold the eternal knowledge of how to expand to what country with what product through what channels. But we do try to learn from our own experiences, as entrepreneurs and as investors and from our own investors, who have often scaled before, to then try to assist management in expanding their lovely product(s) abroad. All the best!

"Should you want to expand internationally: it's definitely a challenge but also an incredible opportunity – to not have personal regrets down the road."

VC IN FOCUS

Truffle Capital

Founded in 2001, Truffle Capital is an independent European venture capital firm specializing in disruptive technologies in the IT (FinTech and InsurTech) and Life Sciences (BioTech and MedTech) sectors.

Chaired by Patrick Kron alongside Philippe Pouletty and Bernard-Louis Roques, co-founders and managing directors, Truffle Capital has raised over €1.1 billion in assets and supported more than 120 companies since its creation.

In 2024, Truffle Capital continues to raise two new late-stage strategies in its two themes, BioMedTech and FinTech.

Truffle's second fund, the Truffle Fintech Scale-Ups Fund, realized its first closing in June 2023 and has since invested in two profitable fintechs growing 2-3x year on year*. It aims to invest in 10 to 15 high growth companies with ARR > 5M€, with tickets in the region of 10 to 20M€.

Levenue and Dgpays represent the first two investments of the Scale-Ups Fund

* Levenue is a revenue based financing marketplace for SMEs. Bootstrapped since creation, profitably growing ARR > 2.5x YoY, Truffle had proprietary access to this company via Truffle's Fintech network. DGPays is a complete payment solutions hub for financial institutions, SMEs and merchants. The company, profitably growing Revenue >2x YoY, completed a $15M round of financing with Truffle as lead investor alongside the European Bank of Reconstruction and Development.

Truffle Capital
Business Builders

Investment Plans

for H2 2024

« Truffle will continue to invest across Europe in deep technologies including AI, blockchain and cybersecurity applied to financial services and related verticals.

Our strategy remains unchanged: to consistently support visionary entrepreneurs to drive responsible economic growth in a capital-efficient manner, enabling them to weather the market cycles.

We will continue to leverage our ecosystem approach (looking to partner across the value chain) and our key role as venture capital advisor in the EU FINE project to build stronger investment ecosystems in developing European fintech hotspots. »

By PATRICK LORD
SENIOR PARTNER
TRUFFLE CAPITAL

WHAT WILL WE BE EXPECTING OUR

FOUNDERS TO CHANGE

IN H2 2024?

By PATRICK LORD
SENIOR PARTNER
FINTECH
AT TRUFFLE CAPITAL

ABOUT THE AUTHOR

Patrick Lord is a Senior Partner at venture capital firm Truffle Capital, investing in visionary entrepreneurs who apply deep technology to finance to drive responsible economic growth across Europe. He previously worked as a Managing Director at QuantumWave Capital, an investment banking firm leading sell-side M&A deals for innovative software startups. Prior to this he spent 5 years leading business development for digital, web and mobile startups in Paris. He started his career in strategy and business consulting at Accenture and A.T. Kearney London. Patrick holds a Master of Science degree in Management and Mathematics at Cambridge University and a Master's degree in Innovation and Entrepreneurship at ESCP.

Being a founder is tough enough before you throw in 2 years of COVID-19 followed by high interest rates, depressed customer purchasing power, and a war on your doorstep.

They say that what doesn't kill you makes you stronger. But many founders are furious with their investors, having been pressured to take more money and grow at all costs pre-2022 and then one year later, being told to slash costs and break even to survive.

Although this phenomenon is less exaggerated in Europe than in the US, it demonstrates why investors need to be super careful about how they project their expectations onto founders. There are home truths that have to be said, challenges that have to be made. But a founder and their startup are not just a financial instrument to be pumped and dumped.

"Investors need to be super careful about how they project their expectations onto founders."

In our investment choices, we always seek founders going for ambitious yet robust growth, who care about capital efficiency[1], and thus are well-positioned to weather the inevitable market cycles. As the early signals of a market downturn were forming in early 2022, this became a recurring topic of discussion with our founders to prepare them to come out fighting in 2024.

Private equity investment is recovering and confidence is starting to return, but it's going to take a while. H2 2024 and H1 2025 will see steadily increasing investment activity. Founders need it, and investors have dry powder burning holes in their pockets. There are consolidation and build-up opportunities for companies in stronger positions to take advantage of lower valuations.

So, what will we be expecting our founders to change in H2 2024? For us, it's not about strategy, it's about execution.

Now that founders have improved their business fundamentals, made the product more robust, and cleaned out the deadwood, they need to execute. They need to demonstrate robust metrics growth whilst inspiring the confidence of newly capital efficiency-conscious investors for the next round in 2024/25.

Those that solidly deliver the basic performance KPIs will have VCs competing to invest. Those that fall short will find it very difficult to raise at all.

"In our investment choices, we always seek founders going for ambitious yet robust growth, who care about capital efficiency, and thus are well-positioned to weather the inevitable market cycles."

[1]This is also our philosophy behind the Fintech 100 that we publish each year with Finance Innovation, BPCE, Sopra Steria and Mind Fintech; for the first time, we integrated measures of capital efficiency into the ranking score. Rankings based only on total funds raised do not consider the fundamentals of the business, presenting a more skewed result.

Founders need to be crystal clear on where the value lies in their business and the choices they have. They should continue, with renewed attention, to build and deepen relationships with potential suitors. They should clearly define their alternative options and the decision criteria that will trigger them.

As founders look to shift back up a gear, large language models and generative AI burst onto the scene, bringing the promise of new possibilities and an excited new glint in investors' eyes. How should they exploit it?

The first priority is to secure the technology moat. It is becoming easier to build a product at incredible speed using AI technology, such as Bunq's new GenAI-powered search / Q&A function in the banking app that enables customers to ask questions or seek advice regarding their bank accounts, savings, spending habits, budgeting, financial planning, and transactions. The AI technology at the product's core must continually evolve to stay at the leading edge of innovation.

Secondly, use these new technologies to accelerate execution, boost the top line, and become leaner at the same time. There are already many examples of startups successfully leveraging (gen)AI in this way. The use cases include:

- Freemium AI tools provide specialised advice and mini-solutions to hook prospects and improve conversion
- AI copilot tools to help developers accelerate code development
- Information summarisers to kickstart almost any research task whether it's about markets, competitors, technologies, people, prospects…
- Email auto-response starters to help teams reply faster
- Marketing, social media, presentation, video, and voiceover content generators to accelerate and boost communication
- Chatbots to automate sales, engagement, and customer service
- Summarisers of internal or commercial meetings that make notes and to-do lists
- Assistance bots that provide Q&A on internal knowledge bases for compliance, sales, customer service, new employee onboarding…
- Expense management and pre-accounting solutions

The number of tools and solutions is growing exponentially and will need careful assessment to select and implement in the most impactful way, but it is essential to start the process now to reap the benefits during 2024.

In conclusion, founders should seek, with renewed determination, to build on solid business fundamentals and exploit the opportunities that GenAI can bring, whilst keeping a clear head about their options and building the necessary relationships to position them to make the best of uncertain outcomes.

"Founders should seek, with renewed determination, to build on solid business fundamentals and exploit the opportunities that GenAI can bring."

HOW DO SCALE-UPS / START-UPS NEED TO REVAMP THEIR GROWTH STRATEGIES TO BE SUCCESSFUL IN H2 2024?

By BOZENA ADAMCZYK
PARTNER AT TRUFFLE CAPITAL

ABOUT THE AUTHOR

Bozena Adamczyk is a Partner within the FinTech team at Truffle Capital. She and her team specialize in investing in European startups at the growth stage, focusing on those that leverage deep technology in finance to foster responsible economic growth. Bozena is also actively involved in the Fintech Investor Network and Ecosystem (FINE) project, which aims to strengthen connections between fintech networks, both locally and internationally.

Bozena is an accomplished professional with 22 years of experience in finance and investments.

Prior to joining Truffle, she served as a CFO in growth-stage startups and spent 8 years at Deloitte France and Poland.

Bozena holds a Master's degree from the Warsaw University of Technology and from the Warsaw School of Economics. Additionally, she has completed an Executive MBA from INSEAD.

In the dynamic world of startups, 2024 is going to be both challenging and full of opportunities. As the global economy grapples with uncertainty and fundraising remains a hurdle for many, strategic planning becomes more critical than ever. Startups must prioritize establishing a clear, detailed path to profitability and sustainable growth. This involves a reassessment and revamping of growth strategies to navigate the macroeconomic pressures effectively.

Revamping growth strategies for startups entails an approach that incorporates actions such as pivoting the business model to adapt to changing market dynamics, investing in customer success to drive long-term retention, expanding geographically to tap into new markets, diversifying revenue streams, optimizing customer acquisition channels to increase the revenue and maximize ROI, embracing new technologies to fuel innovation, strengthening brand identity to build trust and loyalty, fostering strategic alliances and collaborations to access new resources and markets, and maintaining a focus on listening to customer feedback and iterating for improvement.

"By harnessing AI technologies, startups can not only maintain growth but also gain a competitive edge in a challenging fundraising environment."

One area where startups can significantly impact their growth trajectory in H2 2024 is by **integrating new technologies**. The pace of technological advancement is faster than ever, presenting startups with unprecedented opportunities for innovation and differentiation. Incorporating emerging technologies such as artificial intelligence (AI), blockchain, and virtual reality (VR) can be transformative for startups, enabling them to streamline operations, enhance customer experiences, and unlock new avenues for growth.

Artificial intelligence has emerged as a powerful tool for startups across various industries. The advancements in generative AI have revolutionized content creation, data analysis, and customer interactions. Startups can leverage AI to automate routine tasks, generate data-driven insights, and optimize workflows, leading to increased operational efficiency and resource utilization. By harnessing AI technologies, startups can not only maintain growth but also gain a competitive edge in a challenging fundraising environment. At Truffle Capital, we exclusively invest in startups that have deeply ingrained technological innovation in their DNA and have cultivated it to a high degree of excellence.

One notable example of AI-driven innovation is Klarna's collaboration with OpenAI to develop a virtual assistant. This virtual assistant has transformed customer service operations, handled a significant portion of inquiries and reduced query resolution times by eliminating the work of 700 employees. On top of that, its query resolution time had dropped from 11 minutes to just two minutes while customer satisfaction scores remained steady. By leveraging AI-powered solutions, startups like Klarna can enhance the overall customer experience, drive customer satisfaction, and fuel sustainable growth.

In addition to embracing new technologies, startups can revamp their growth strategies by **integrating and prioritizing customer feedback**. By closely monitoring customer feedback and iteratively refining products and services, startups can ensure continued relevance and satisfaction amidst evolving market dynamics.

For instance, Obat, a platform serving the construction sector, swiftly adapted its offerings based on customer feedback to quickly react to the changing environment in this sector. With the prices of furniture fluctuating and their final customers having less money, the difficulty is how to maintain margins and fill the agenda with new projects. So startups needs to be aware of the current problem by listening to their clients and bringing solutions through the offer to their clients.

"In addition to embracing new technologies, startups can revamp their growth strategies by integrating and prioritizing customer feedback."

Diversifying revenue streams beyond core offerings is another idea for startups to revamp their growth strategies effectively. By expanding into adjacent markets or offering value-added services, startups can enhance revenue potential. For example, neobanks have diversified their offerings to include a range of services to B2B customers, such as accounting, invoicing, cash flow monitoring etc. This diversification not only enhances customer stickiness and loyalty but also increases profitability.

Furthermore, startups with sufficient resources may consider mergers and acquisitions (M&A) as a means of diversifying their product portfolio and accessing new growth opportunities. As a lot of startups are facing challenges in raising venture capital funding, there are more affordable M&A deals. Startups can capitalize on this trend to expand their offerings and consolidate their market position.

Strategic alliances and collaborations with established corporates offer another way for startups to revamp their growth strategies effectively. By leveraging the resources, expertise, and market access of corporate partners, startups can accelerate market penetration and enhance brand credibility. Regulation is a big point as well. If startups need features that require a license, a strategic partner can be a great way to have it without the costs and complexity. For example, Bridge API, open banking solution, works with large bank in France that gives them an access to clients. Bridge also helps its partners to complete their offering faster than if they'd build it themselves. In general, we see a lot of fintechs partnering with more established financial institutions to avoid the risks of going alone.

In conclusion, revamping growth strategies for startups is essential for navigating the challenges and opportunities of the current economic climate. By focusing on innovation, prioritizing customer-centricity, diversifying revenue streams, and fostering strategic partnerships, startups can achieve sustainable growth in H2 2024 and beyond. As part of the strategy, startups should establish a clear, detailed plan for how to achieve profitability and growth, to be successful.

WHY EUROPEAN TECH FOUNDERS MUST PRIORITISE WORKFORCE UPSKILLING BY 2025

By JULIE RANTY
CO-FOUNDER OF POLLEN

ABOUT THE AUTHOR

Julie Ranty is the co-founder and CEO of Pollen, launched in 2023. The upskilling platform promotes lifelong learning by giving direct access to the best experts in tech and business. Previously, Julie was instrumental in the creation of Viva Technology and served as the Managing Director for seven years.

ABOUT POLLEN

Pollen is the new upskilling platform promoting lifelong learning by giving direct access to the best experts, from the world's most innovative companies. Offering live and interactive sessions, Pollen delivers in-depth expertise across a variety of fields: Tech, Product & Design, Data & AI, Sales, Marketing & Growth, Sustainability, Leadership & Management.

91% of Europeans expect generative AI to increase productivity in the European market, according to Deloitte Germany's research into the economic effects of a shrinking workforce. The rapid advancements in technology are likely to disrupt our workforce structure, leading to the rise of new technical skills, distinctive soft skills, and highly sought-after jobs. In a context where agility and the ability to incorporate new realities are paramount, upskilling your workforce may be the solution to this rising challenge.

In the US, companies with a historical track record of substantial investment in training such as Amazon[1] who have recently announced plans to retrain 100,000 workers by 2025 and invest $7,000 per employee, reshape their strategies to include upskilling programmes with measurable impacts. In Europe, this trend is expected to gather momentum by 2025.

THE URGENCY OF NOW: INVESTING IN TRAINING FOR MARKET CHALLENGES AND OPPORTUNITIES

Why now?

In 1987, skill sets had a lifespan of over 30 years. By 2024, they will become obsolete in 18 to 24 months[2], sometimes even less in several highly competitive tech professions. The emphasis is on upskilling amidst a context where innovations related to generative AI are making their mark on the market, accompanied by a strong assimilation of theoretical concepts by numerous talents.

The focus has shifted away from theory, and many companies are keen to apply these concepts through very specific use cases for their teams. The training market is booming, within a post-COVID-19 context and geopolitical tensions where resilience and agility are prioritised.

With the advent of tech tools, "the distinction no longer lies in access to knowledge but in our ability to adeptly navigate through it" says Adrien Fernandez Baca, Founder of Cubyn and trainer on prompt engineering at Pollen.

The opportunities are also there. The European corporate training market is estimated to grow by 12.2 billion euros from 2022 to 2027, with a compound annual growth rate (CAGR) of over 7.4% according to a market research report by Technavio[3]. There's an anticipated surge in enrollment for technical programmes driven by an increasing need for education in procedural skills and modern technologies like machine learning and digital marketing.

But upskilling your workforce is not just a defensive strategy to respond to a market need, it is also a means to seize competitive advantages in innovation and positioning for companies. That is how on March 13, in line with European trends, the French government announced an ambitious AI action plan[4] to be at the leading edge of technology, involving an annual investment of 5 billion euros over five years. This ini-

[1] "Amazon Commits to Investing Millions in Training", published on shrm.org on July 15, 2019
[2] "Skills obsolescence: how to avoid and anticipate it in 2023?" published on mrsa.team on July 5, 2023
[3] "Europe Corporate Training Market by Product, Type and Geography - Forecast and Analysis 2023-2027" published on technavio.com on November, 2023
[4] "Intelligence artificielle : un plan d'action pour placer la France « à la pointe »" published on lemonde.fr on March 13, 2024

tiative is grounded in a particular focus on employee training and the development of recognised technical skills. Not to mention that training can also be a great way to retain and attract your top talents.

LEVERAGING UPSKILLING AS A STRATEGIC ASSET FOR THE EUROPEAN MARKET

It's not that employees require constant reminders about the significance of refreshing their skills. A recent study by the professional education firm Emeritus revealed that 80% of professionals believe upskilling will make them more distinguished among colleagues and 74% would prefer to be employed by companies that invest in their educational development over those that do not[5].

Upskilling programmes, therefore, have great potential to bridge the technology talent gap in Europe, enhancing a company's appeal to elite professionals and diminishing turnover and inactivity, as they are primarily due to the absence of career advancement opportunities, according to a report by The Society for Human Resource Management in 2023 (SHRM).

Among others, Slack has embarked on this strategy with a vast and ambitious upskilling programme[6]. Parent company Salesforce's 'ranger week' has offered its employees the chance to upskill on a number of subjects via online modules and gamified challenges. This "release of duty" period — where all meetings and non-priority projects were rescheduled — was made to meet the week's training objectives, yet, the company claimed that it remained fully operational. This trend looks set to be repeated as many launch multiple in-house training programmes to take advantage of both upskilling challenges caused by technological change and future market opportunities.

But while the US may be leading the upskilling trend with its heavily online-based model, Europe places a stronger emphasis on the need for on-the-ground, practical training, where peer learning emerges as a pivotal asset to most training programmes[7]. The rules may be different there and Europe has a chance to seize it.

TECH FOUNDERS GUIDE: BRIDGING SKILLS AND FOSTERING HUMAN CONNECTIONS

Tech founders play a crucial role in steering their teams towards success amidst rapid technological advancements. They could also use an ambitious training strategy to fulfil their employees' needs for reconnecting with others while sharing meaningful experiences.

[5] Find the report on: hrdive.com/news/shaky-economic-conditions-drive-workers-to-seek-upskilling-professional-de/654002/
[6] "Slack's 'Ranger Week' of training could represent a growing trend" published on hrdive.com on October 12, 2023
[7] "Sharing and Learning from National Initiatives for Upskilling Pathways" published on eaea.org on March 8, 2024

Gaining employee commitment by highlighting the advantages of upskilling, ensuring support, and communicating the importance of these initiatives is key to improving job performance and engaging your workforce transparently.

"Probably more than any other population, people in tech sectors have to constantly update themselves in a market that is changing very fast. And you can't just learn from theory but from the best of your peers. This is where Pollen makes perfect sense," says Vincent Huguet, co-CEO & Cofounder at MALT, the online marketplace that puts companies and self-employed digital workers in touch with each other.

It is, therefore, crucial to leverage experts who have extensive experience in the field, having access to the latest skills and methodologies, offering continuous learning opportunities, and preparing your workforce to tackle challenges effectively. Encouraging peer-to-peer experiences is also key to promoting resource-sharing and brainstorming to tackle most burning challenges, with a focus on achieving meaningful outcomes.

But beyond pure skills, training programmes offer a refreshing experience, while many employees show a strong need for reconnection in light of the inherent tensions that shake the European market (crisis post-COVID-19, geopolitical tensions). Upskilling programmes, as they gather experiences, may well promote internal mobility and challenge hidden talents with projects that push them to expand their boundaries.

In Europe, the most efficient strategies will, therefore, focus on:

- Speed: Ensuring learning happens as soon as new skills emerge, especially in high-demand areas like the tech market.
- Actionability: Emphasising rapid application of the key takeaways, prioritising practical use cases, hands-on experience, and feedback.
- Peer-learning: Making training desirable again by offering sessions led by sought-after instructors and experts in their field.
- Networking: Transforming training into an opportunity for meaningful connections, a particularly valued aspect in the post-COVID-19 era and a time with strong geopolitical and economic tensions.

TRAINING YOUR WORKFORCE: SKILLS FOR TOMORROW

What are the skills of the future, and how can businesses ensure their workforce is prepared?

Training topics such as AI, data analysis, tech products, machine learning, no-code, and automation are certainly here to stay. But they are not the only ones.

As remote work increases and job autonomy grows, the importance of soft skills has also increased, according to Rohan Rajiv, Director of Product Management at LinkedIn[8]. This trend seems to be consolidating in a context where productivity gains still rely heavily on soft skills. These skills appear to be more differentiating, whereas technical competencies seem more easily substitutable through technology. Therefore, creativity, agility, communication, and team organisation may play a crucial role in this new paradigm, as technological and AI tools still struggle to replicate these high-value tasks.

[8] "Why Soft Skills Are More In Demand Than Ever" published on forbes.com on September 18, 2022

“As remote work increases and job autonomy grows, the importance of soft skills has also increased”

In other words, traditional training involving strategic thinking and a form of emotional intelligence is growing in importance: tech team management[9], the ability to build strong data storytelling[10], and the establishment of a performance-driven culture[11] are all topics that will continue to attract employees in a market disrupted by technological advancements.

Such skills highlight an evident paradox: in order to adopt the new approach to workforce development, future training programmes will incorporate a greater emphasis on the human dimension and experience.

By adopting these best practices, European tech founders will effectively navigate the new approach to workforce development, fostering a culture of continuous learning and innovation within their organisations, and therefore, retaining their top talents.

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[9] Devenir Engineering Manager - heypollen.fr
[10] Comment réussir son data storytelling - heypollen.fr
[11] Créer une culture de la performance pour ses équipes Tech - heypollen.fr

WHAT ARE THE MAIN SUCCESS CRITERIA FOR A TECH COMPANY TO END 2024 IN THE BEST FASHION?

By WOLTER REBERGEN
VP REVOPS AT YOUNIUM

ABOUT THE AUTHOR

Wolter Rebergen has been active in the software landscape for many years. He is currently working at Younium as VP of Revenue Operations in charge of scaling the company efficiently.

ABOUT YONIUM

Younium is a B2B subscription management solution exclusively made for other B2B SaaS companies to make managing the sales-led subscription handling easier and provide businesses with the necessary business intelligence to scale to new heights.

The last few years have been much different than many years before. Where the main success criteria for many companies in 2020–2022 was "growth" many other things are of importance nowadays. Many of the readers will have heard of the term "grow at all costs". SaaS companies collected lots of funding at very high multiplier valuations with the instruction to grow.

During 2022, things started changing and growing; it turned into downsizing for many companies. All money was spent before ROI was in place causing many people to proactively cut costs, and unfortunately, the SaaS industry seemed to go downhill fast. Many had to adjust and re-invent themselves.

The 2nd half of 2023 already seemed better, people started to talk about growth again, started to express ambition and the SaaS industry as a whole is taking growth steps again.

However, growth at all costs is still far from entering 2024. The new focus is "sustainable growth" or "profitable growth".

"The main success criteria to shoot for profitable growth are measured in the SaaS Magic number and Rule of 40."

The main success criteria to shoot for profitable growth are measured in the SaaS Magic number and Rule of 40. Both metrics not only show growth but also reflect the efficiency of growth. My first advice would be to start measuring these 2 metrics so you can see if the efforts and initiatives you're running actually work. We often forget to measure if what we're doing is actually giving us the desired results or even put a target on these before we run and start changing things.

My three practical tips for success in 2024 and efficient growth are:

- Establish and fine-tune the Ideal Customer Profile (ICP). Many companies still don't have this written down and in the minds of every employee at the company. If you know which customers benefit most from your solution, time spent in sales and even customer support is greatly decreased. Your NPS increases, onboarding decreases, features are adopted, and value is understood. It seems like you're cutting into your market potential and you limit yourself, but what you're actually doing is focusing on what makes sense.
- Map out a buyer journey. Even within your ICP, customers might not be ready to buy your solution just yet, some still need to experience 60% of the pain points you identified for themselves. If you map out the journey customers take from first being annoyed by doing something manual all the way to when they're using your solution, it will show you most of the things you can improve. You can focus your efforts on sales and marketing by moving away from "spray and pray" sales and marketing and going for personalized outreach and ABM campaigns, letting your customers know you're there, especially for them. The information you collect during sales talks can be reused in onboarding. Your sales cycles are cut short as you only speak to prospects when they're ready to speak to you.

  In this market it becomes significantly harder to get that first meeting on the agenda given your prospects receive 10 times the number of emails from sales individuals than they did 5 years ago. Standing out is imperative and that is not possible if you're trying to reach 10,000 prospects with 5 people, even with AI helping you out. Mapping out the buyer journey goes hand-in-hand with your ICP limiting the number of people you should speak to, meaning you can focus your efforts on quality over quantity and start seeing drastic increases in meeting booked rates and shorter sales cycles.
- Cheaper resources are not always the best way to keep costs down. Sure there should be junior roles, but maybe saving cost on your new Account Executive is the best financial decision. They may need more time to onboard, their targets are lower, the results are lower. Spending more money when the return is high means efficient growth. Remember, efficient growth doesn't mean saving cost, it means spending money on the right things.

To summarize, your main success criteria for 2024 is getting that focus back on growth, but do it smart, spend money carefully but spend money on things that work. Look at sales, marketing, and customer success as a whole. Define how they work together not from your perspective but from the perspective your ideal customers say you need through an established buyer journey.

"Your main success criteria for 2024 is getting that focus back on growth, but do it smart."

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Each edition features contributions from more than 20 esteemed authors within the European tech ecosystem, offering their unique perspectives on what lies ahead in the short term.