

European Unicorns?

In May this year, GP Bullhound has published its second report [1] on the European “unicorns” and comparison with others around the world. A unicorn is a start-up company which has managed to reach \$1b in valuation and GP Bullhound is looking particularly at those engaged in internet technology.

The findings are interesting in that they show the gulf between Europe and the US in particular. They find a total of 40 unicorns in Europe compared to 30 (net gain of 10) for the same survey conducted in 2014 with 13 new ones appearing and 3 having dropped off the list. In the US, there was a net gain of 22 unicorns.

Then, taking the 3 top valued companies in the US, their total valuation is \$0.75t. This compares with \$0.5t for the top 3 in China, \$50b for the top three in Africa, but only \$25b for the top three in Europe. Furthermore, whilst the total value of the unicorns in Europe is around \$120b; Apple alone has a value of \$750b, Facebook is at \$240b and even Uber is valued at \$50b. Clearly Europe has a long way to go to catch up.

What can we learn? I was reminded of the two acquisitions last summer where Urthcast bought Deimos Imaging and PlanetLabs bought Blackbridge /RapidEye. Europe is good at research and innovation and even early development but is less good at exploiting the results. It seems that European owners sell out early rather than running their winners to achieve bigger gains later. CartoDB is another example where this happened along with a well-known example, Skype. Developed in Europe; Commercialised in the US.

Our goal at EARSC is to help develop the industry. 2016 promises to be a significant year when maybe we can start to see some of the potential being realised.

[1] <http://www.gpbullhound.com/wp-content/uploads/2015/06/GP-Bullhound-Research-Billion-Dollar-Companies-2015.pdf>