

FOODTECH IN FRANCE

2021 STATE OF THE FRENCH
FOODTECH ECOSYSTEM

HELLO,

First of all, we thank you for reading this report. This is the fifth edition of our yearly focus on the state of French FoodTech ecosystem.

In 2020, **French FoodTech startups raised €606M, 50% more than in 2019.** Growing in such a context was a feat.

However, this growth was not perfect. First, it doesn't seem to be sustained. **For the first half of 2021, French FoodTech startups have only raised €155M,** and we project a total amount of 300M for the whole year.

Then, the 2020's growth has been made by three large deals in relatively mature startups (Ynsect, InnovaFeed, Swile). Combined, these three deals account for 74% of all the money raised in 2020. **This means that the amount of money raised in early stages (seed, series A, series B) has actually declined in 2020.**

While **the number of deals is steady, the median deal size is increasing.** From €500K from 2014 to 2017, it has reached €1.75M, on par with other European FoodTech ecosystems.

2020 has been a difficult year with many startups closing their doors.

We observed a larger number of startups stopping their activity in 2020 than in previous years. It is notably the case for startups founded four or five years ago. However, the overall number of active FoodTech startups is stable.

Some differences appear strikingly when comparing the French FoodTech ecosystem to what is happening elsewhere. In terms of investments at least, **it seems that France is missing on the “third wave of FoodTechs startups”**. Indeed a limited number of investments have been made in cloud kitchens, protein alternatives (cellular agriculture, fermentation and plant-based) or in grocery delivery (dark stores, farm-to-home, etc.). While European early stage startups are raising huge amounts of money in series A or even seed stage, we do not detect this appetite for risk in France.

Finally, even in the challenging circumstances of the pandemic (or maybe due to them), **French startups are still good targets for acquirers and corporate investors**. In 2020 and in the first half of 2021, the number of exits has been significantly higher than in previous years.

We are DigitalFoodLab

DigitalFoodLab is a FoodTech insight and strategy consultancy. Our mission is to help our clients stay or become food leaders through innovation.

We work with small and large corporations to:

- Understand the FoodTech ecosystem to see what are the underlying trends
- Identify opportunities to launch, invest or acquire businesses
- Anticipate long term trends
- Structure their Innovation strategy to become more agile and future-proof

We also work with early-stage entrepreneurs to help them grow faster.



STATE OF THE FRENCH FOODTECH ECOSYSTEM

SCOPE OF THE REPORT

Before venturing into the state of the French FoodTech ecosystem, here are the answers to a few basic questions:

WHAT IS FOODTECH?

DigitalFoodLab's definition is: *"FoodTech is the ecosystem made up of all the agrifood entrepreneurs and startups (from production to distribution) innovating on products, distribution, marketing or business model."*

For us, FoodTech is made up of 6 categories: **AgTech**, **Foodscience**, **Foodservice**, **Delivery**, **Retail** and **Coaching**. The definitions of the six categories (and their 30+ sub-categories) are available [here](#).

WHERE DOES THE DATA COME FROM?

This report is based on DigitalFoodLab's proprietary database. It contains the most comprehensive data about Europe's FoodTech startups and investors. We gather data all year long with machine learning tools and with our network of partners all over the continent. This report displays investments in Euros with currency conversions made at the time of the deals' announcements.



FOODTECH IN FRANCE IN 2021

I - STATE OF THE ECOSYSTEM

With more than €330M raised since its inception, Ynsect is one of the most well-funded European startups. It is now focusing on its insect for animal feed business model, but is looking beyond, notably toward human food.

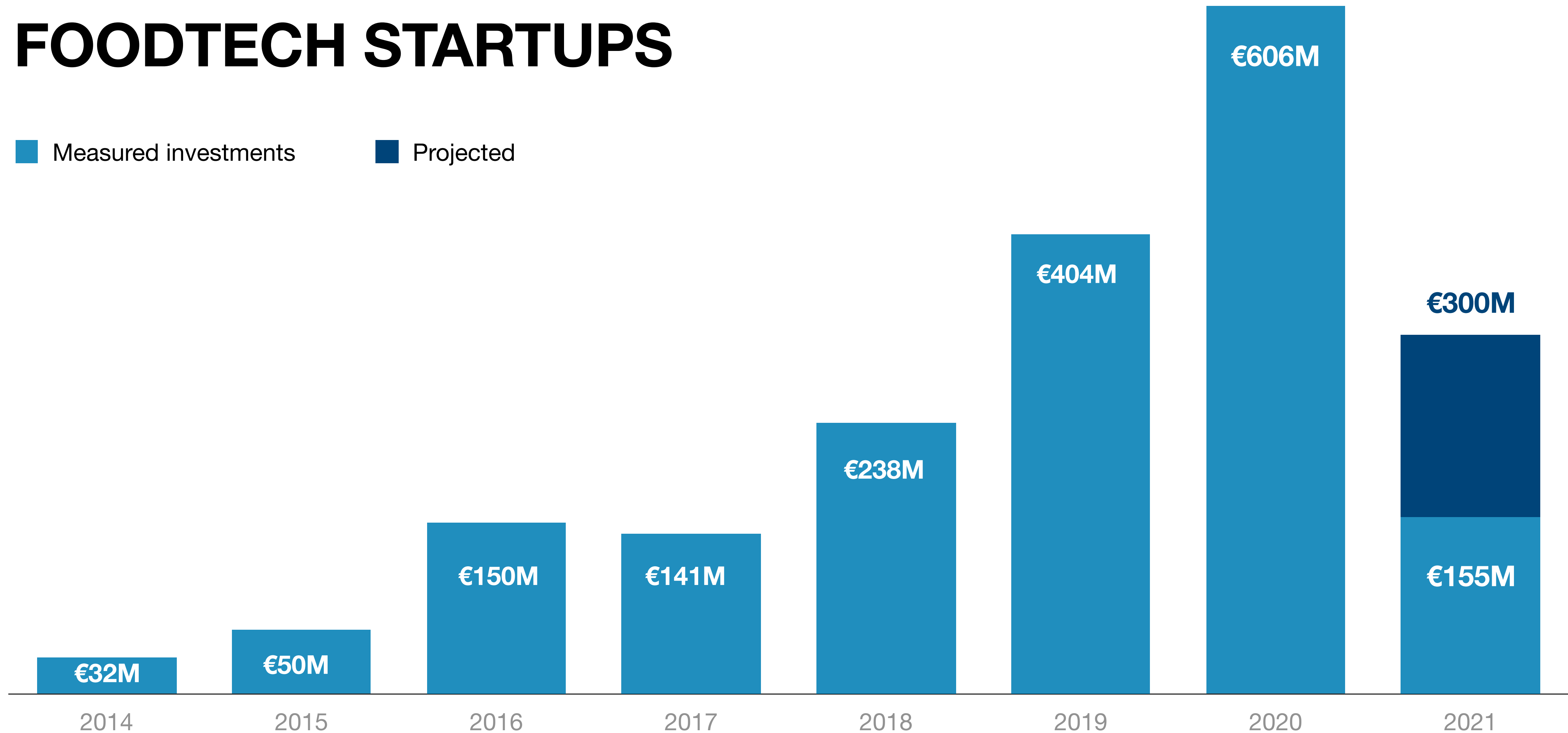


STATE OF THE ECOSYSTEM

INVESTMENTS IN FRENCH

FOODTECH STARTUPS

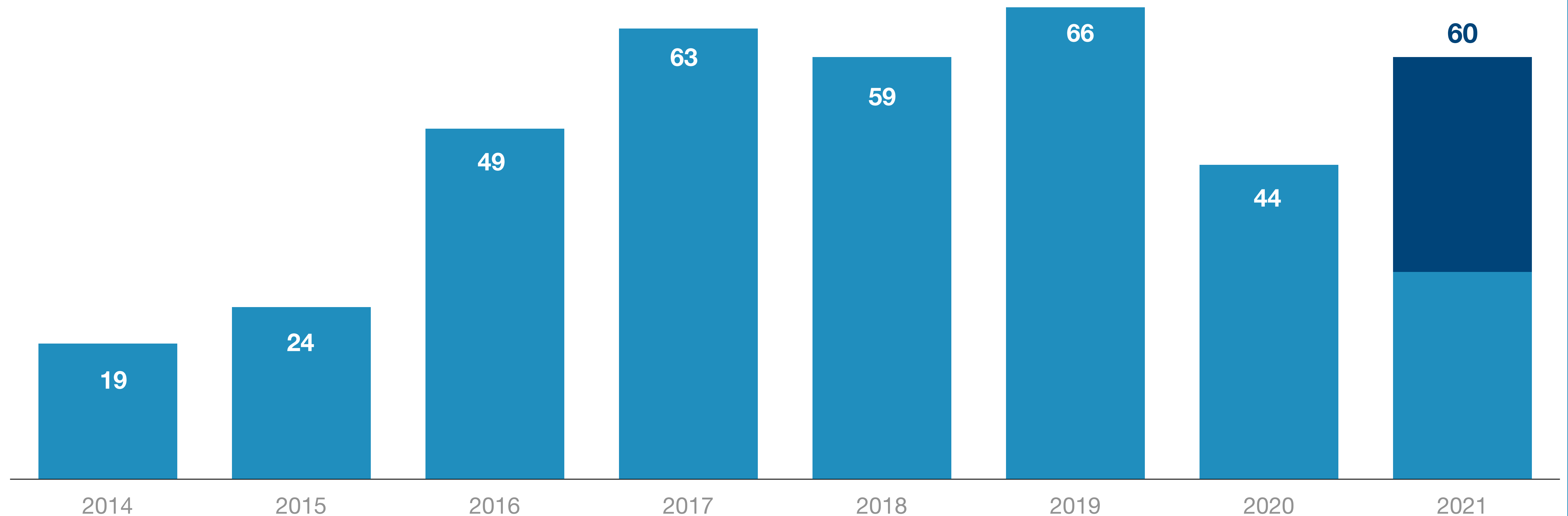
■ Measured investments ■ Projected



STATE OF THE ECOSYSTEM

NUMBER OF NOTABLE (>€500K) DEALS

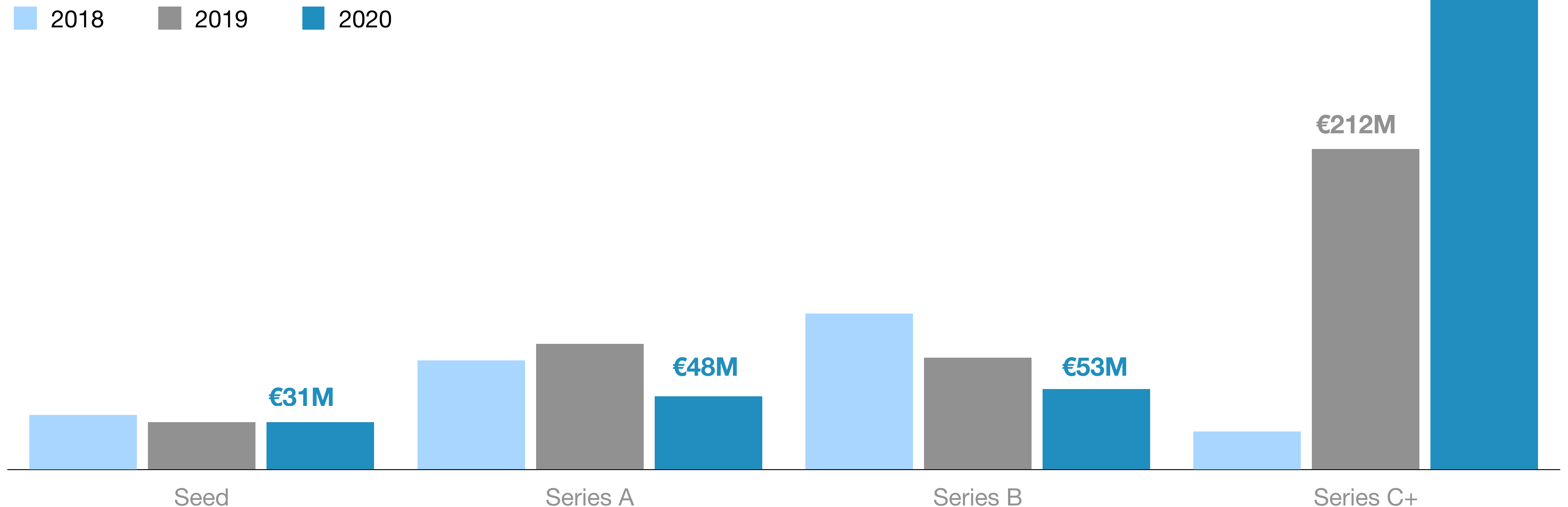
■ Measured ■ Projected increase



STATE OF THE ECOSYSTEM

INVESTMENT FUNNEL

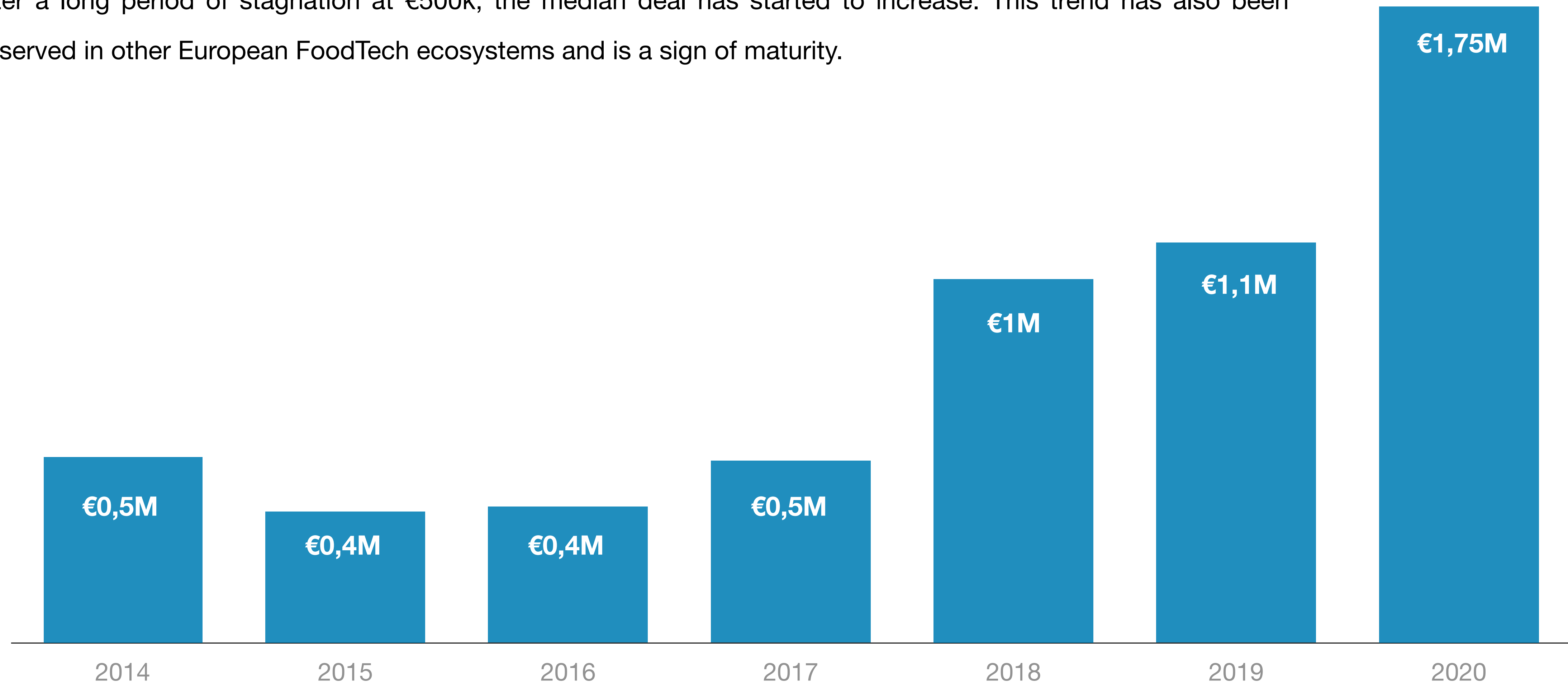
The increase in investments French FoodTech startups is not spread over all the funnel. It is quite the opposite with a surge in funding in later stages and a decrease in series A and B. **This trend is in stark contrast with what is happening in the rest of Europe** with more and more investments made in early stage startups as a new generation of venture is arriving.



STATE OF THE ECOSYSTEM

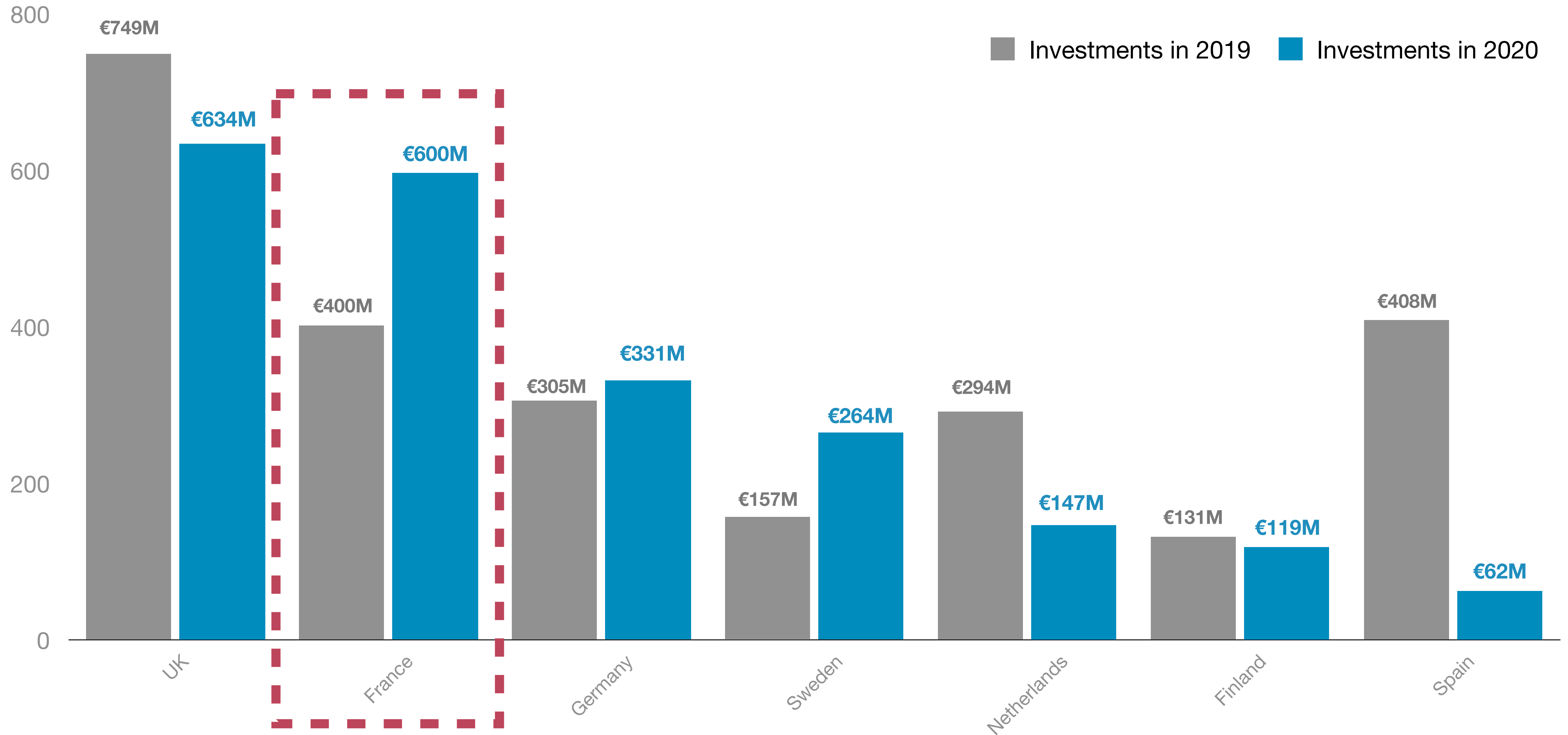
MEDIAN DEAL SIZE

After a long period of stagnation at €500k, the median deal has started to increase. This trend has also been observed in other European FoodTech ecosystems and is a sign of maturity.



STATE OF THE ECOSYSTEM

FRANCE IN EUROPE

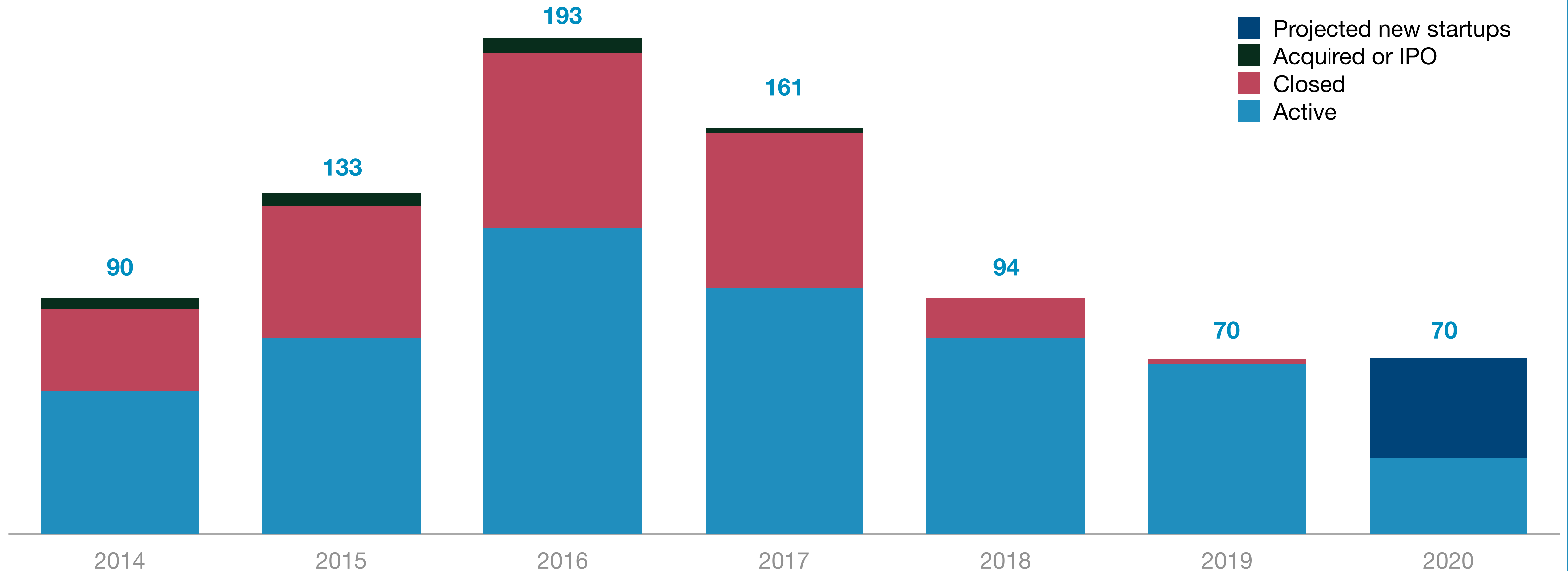


STATE OF THE ECOSYSTEM

CREATION OF STARTUPS

634 ACTIVE FOODTECH STARTUPS IN FRANCE

2020 has been a difficult year for the ecosystem. The number of active FoodTech startups is stagnant as many older startups closed their doors (without being acquired). Here we only consider startups that have raised funding or have been mentioned in the media.

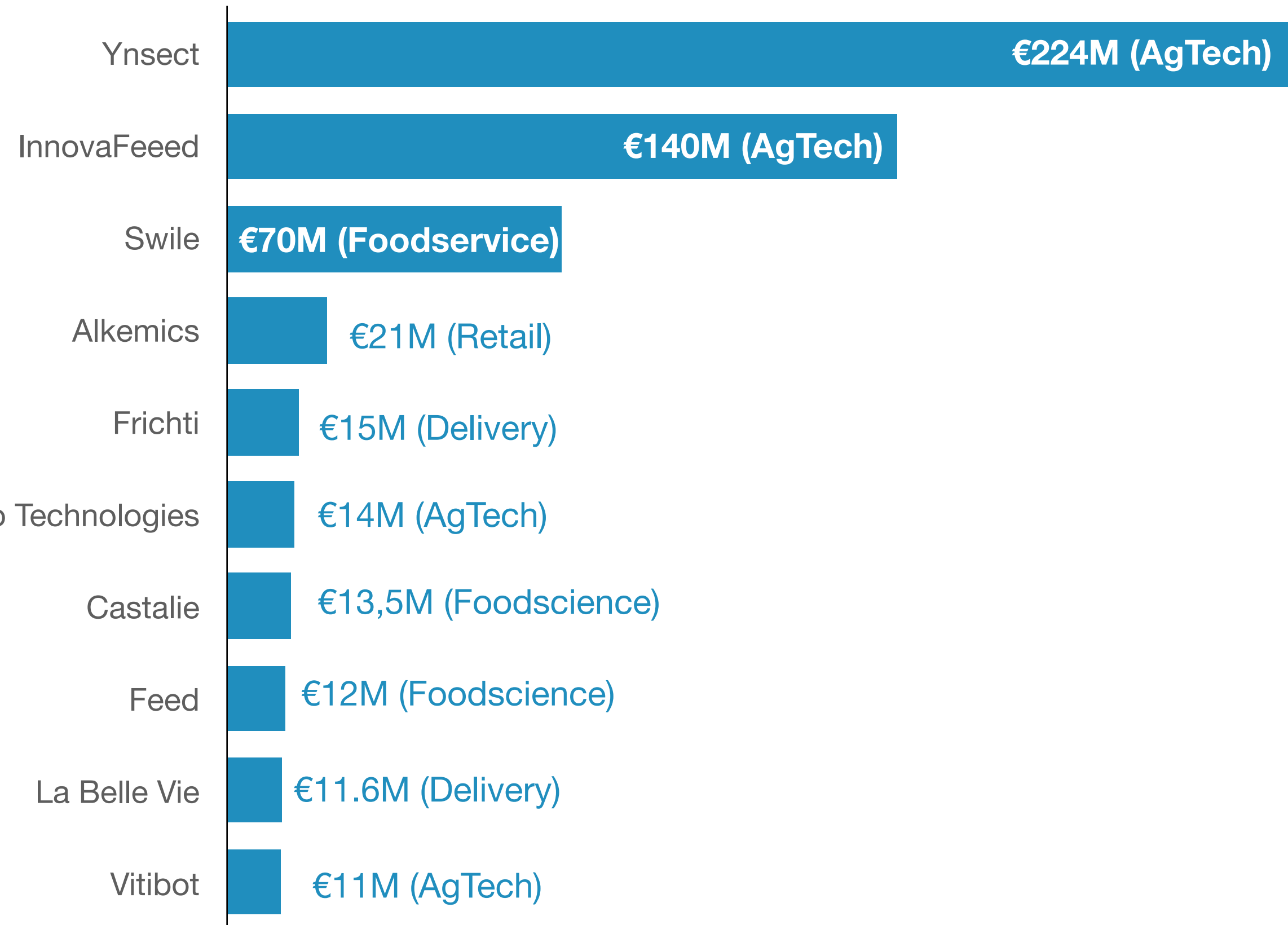


STATE OF THE ECOSYSTEM

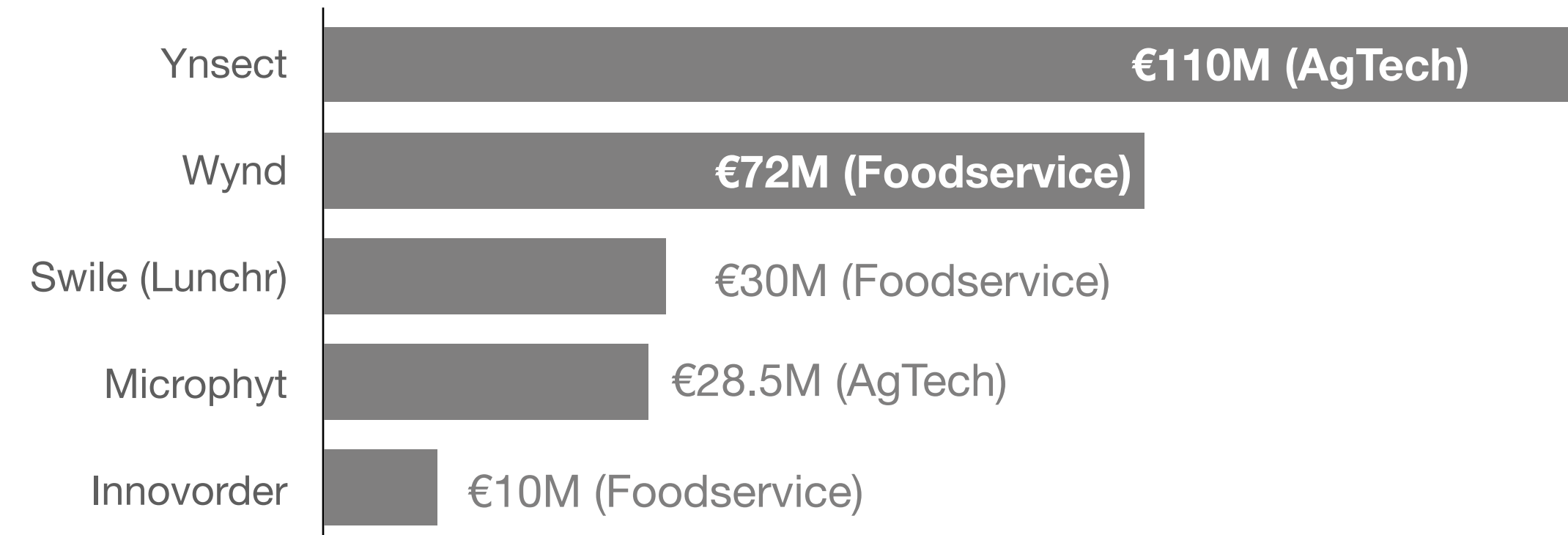
TOP DEALS

Comparing 2020 top deals to those of 2019 and 2018 confirms that the 2020's growth has been made by the three large deals in Ynsect, InnovaFeed and Swile.

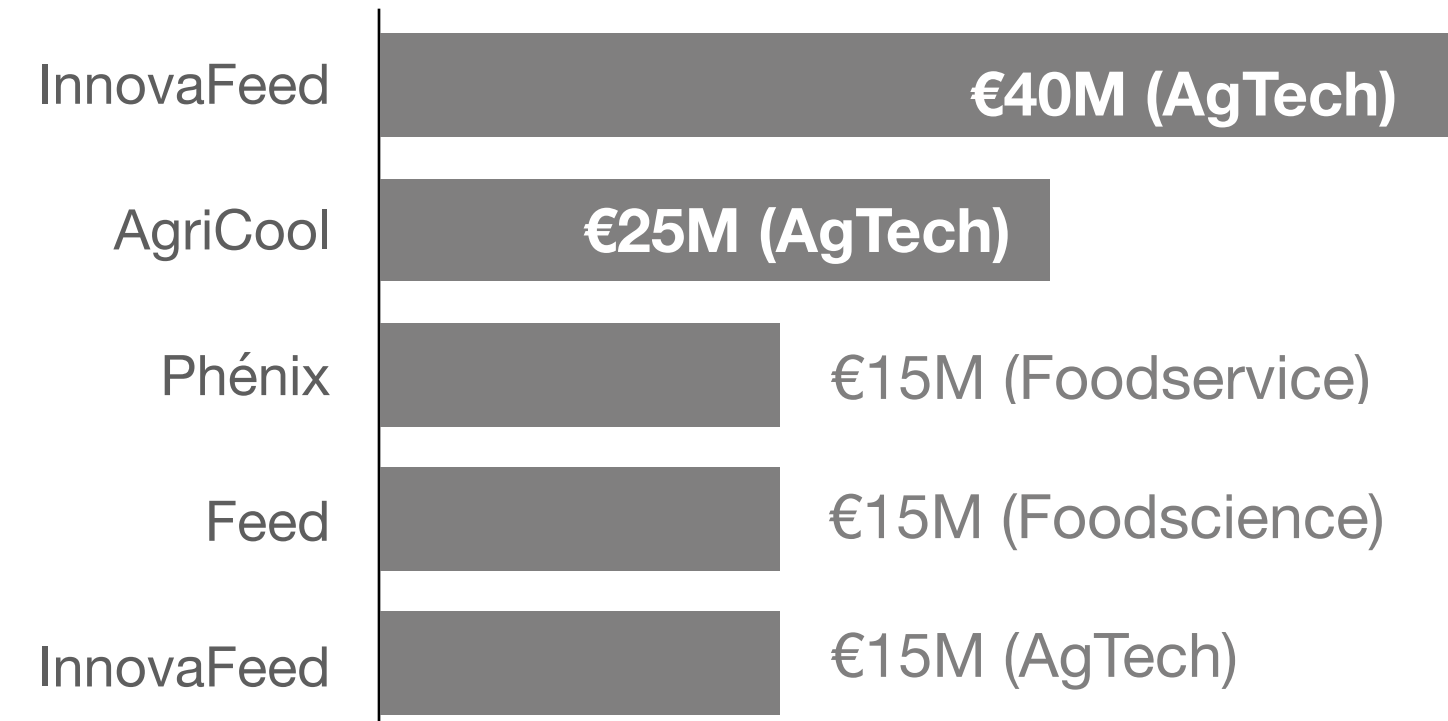
2020 top deals



2019 top deals



2018 top deals



FOODTECH IN FRANCE IN 2021

II - TRENDS

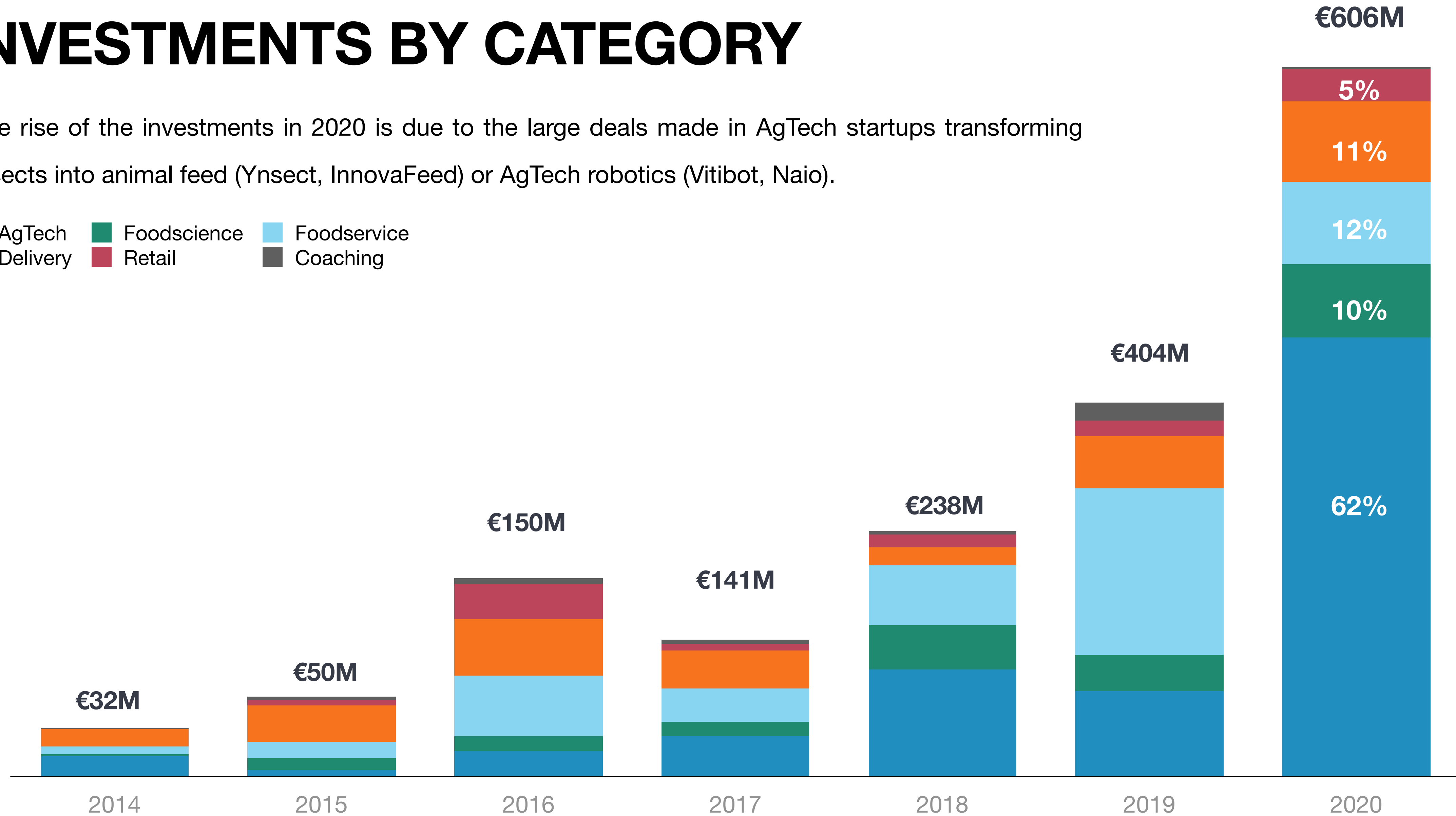
Created in 2016, Vitibot raised €11M in 2020 from various Champagne houses. Its robots enable a more environmentally friendly and more consistent vineyard upkeep.



TRENDS

INVESTMENTS BY CATEGORY

The rise of the investments in 2020 is due to the large deals made in AgTech startups transforming insects into animal feed (Ynsect, InnovaFeed) or AgTech robotics (Vitibot, Naio).

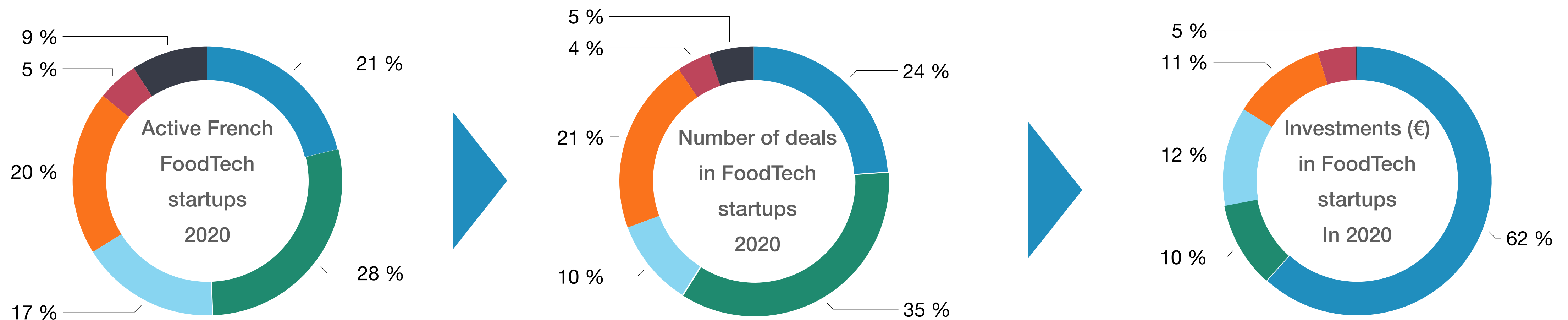


TRENDS

UNBALANCED ECOSYSTEM



The three graphs below showcase the differences between the distributions of the active startups, the number of deals made in 2020 and the amounts invested.

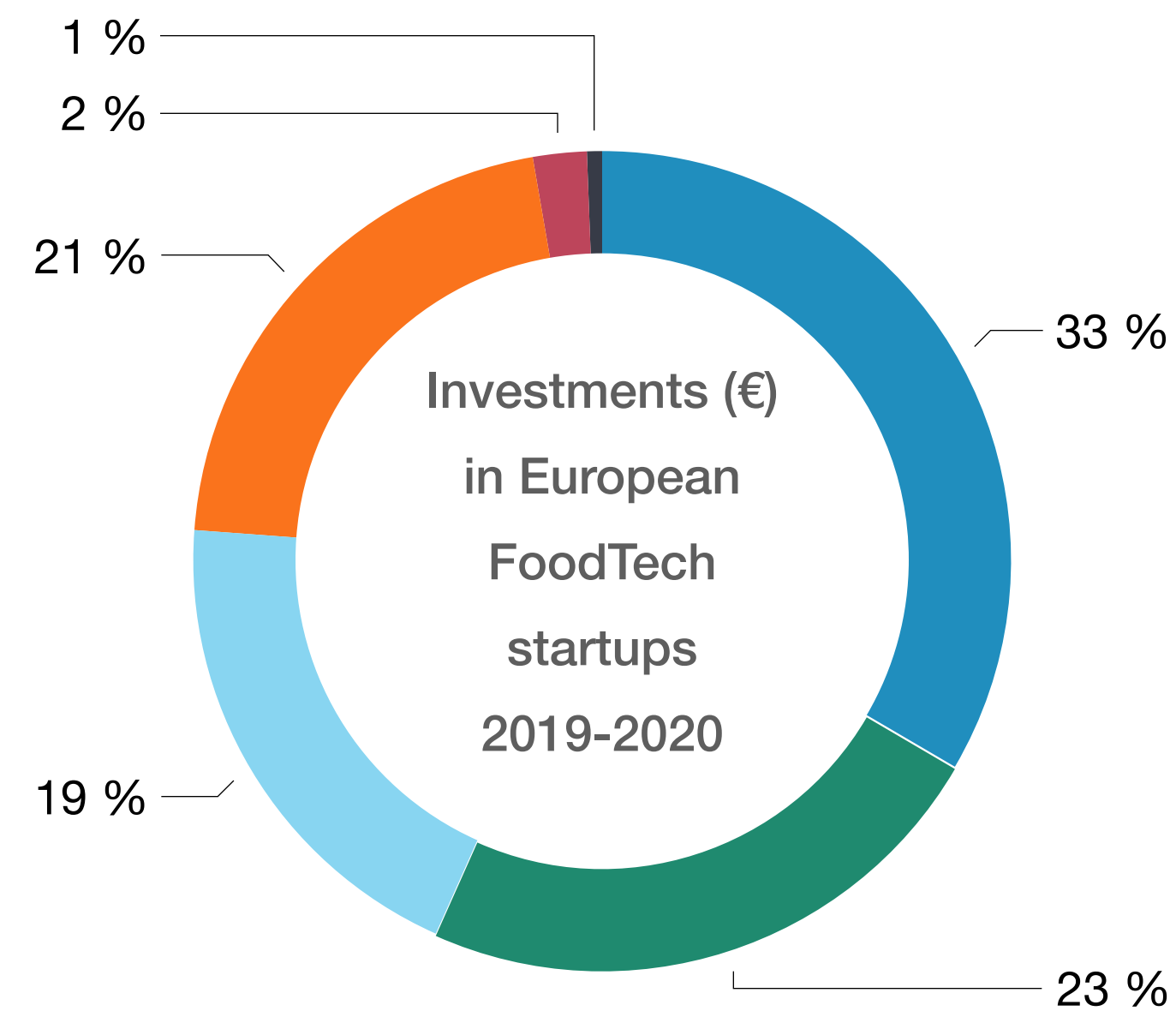
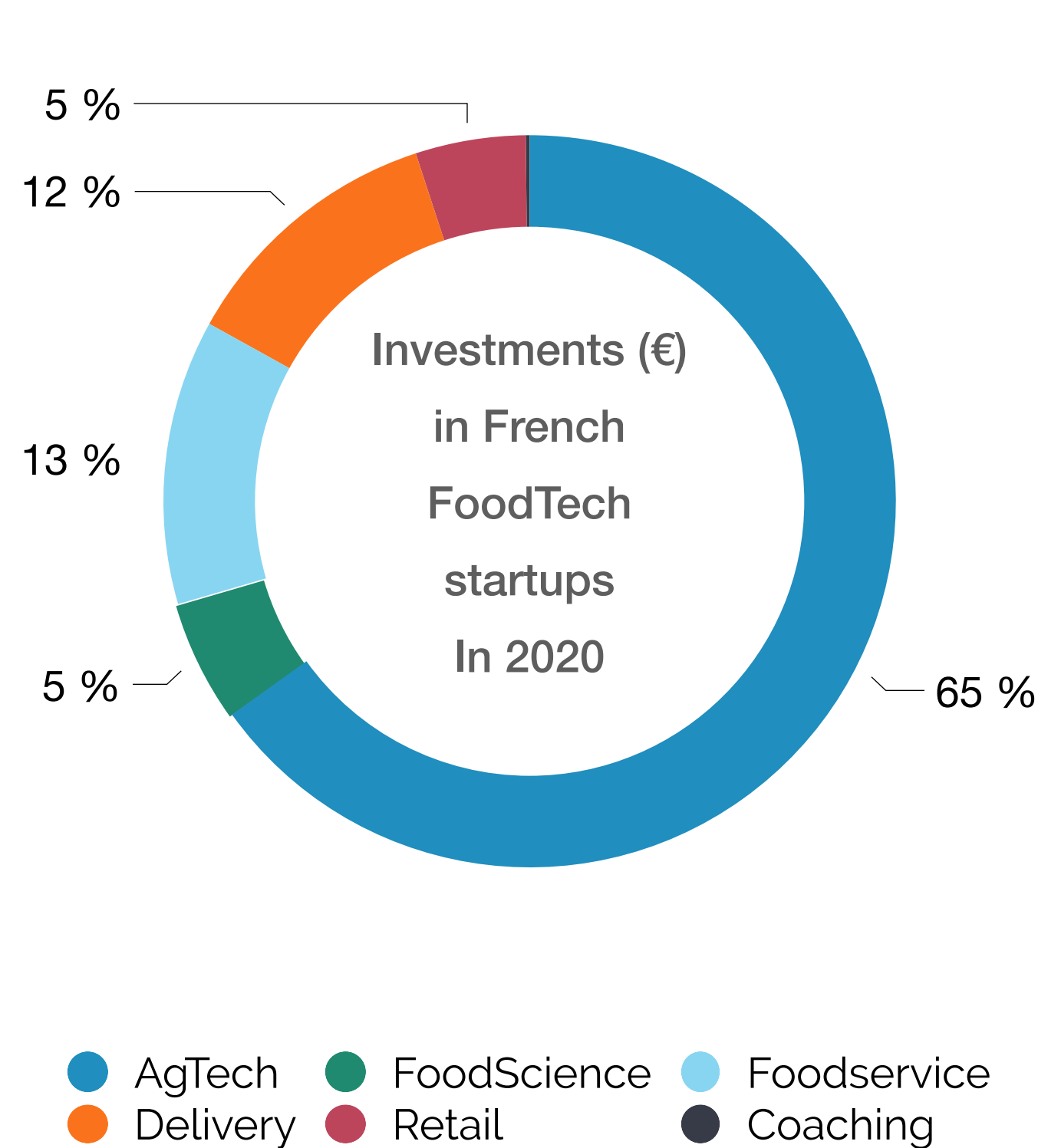


The French ecosystem is particularly unbalanced:

- The number of foodscience startups is still rising as they account for almost half startups launched in 2020. They attract more and more investors but the amounts are still small;
- The amounts invested in AgTech startups dwarf the rest of the ecosystem;
- Foodservice (notably payment services) have had a hard year and are less important than they were in previous years.

TRENDS

FRANCE IN EUROPE



€2.4B invested in Europe in 2020

When we compare the distribution of investments in European and French FoodTech startups, we see how different they are:

- while the European FoodTech ecosystem has long had a bias toward Delivery (restaurant delivery), bigger Investments in AgTech (notable in France) and Foodscience startups have rebalanced it.
- In 2020, the European FoodTech ecosystem has been dominated by three themes: alternative proteins, cloud kitchens and grocery delivery. These three themes are almost absent from the French landscape. This is worrisome for the future of the ecosystem.

TRENDS

EXITS

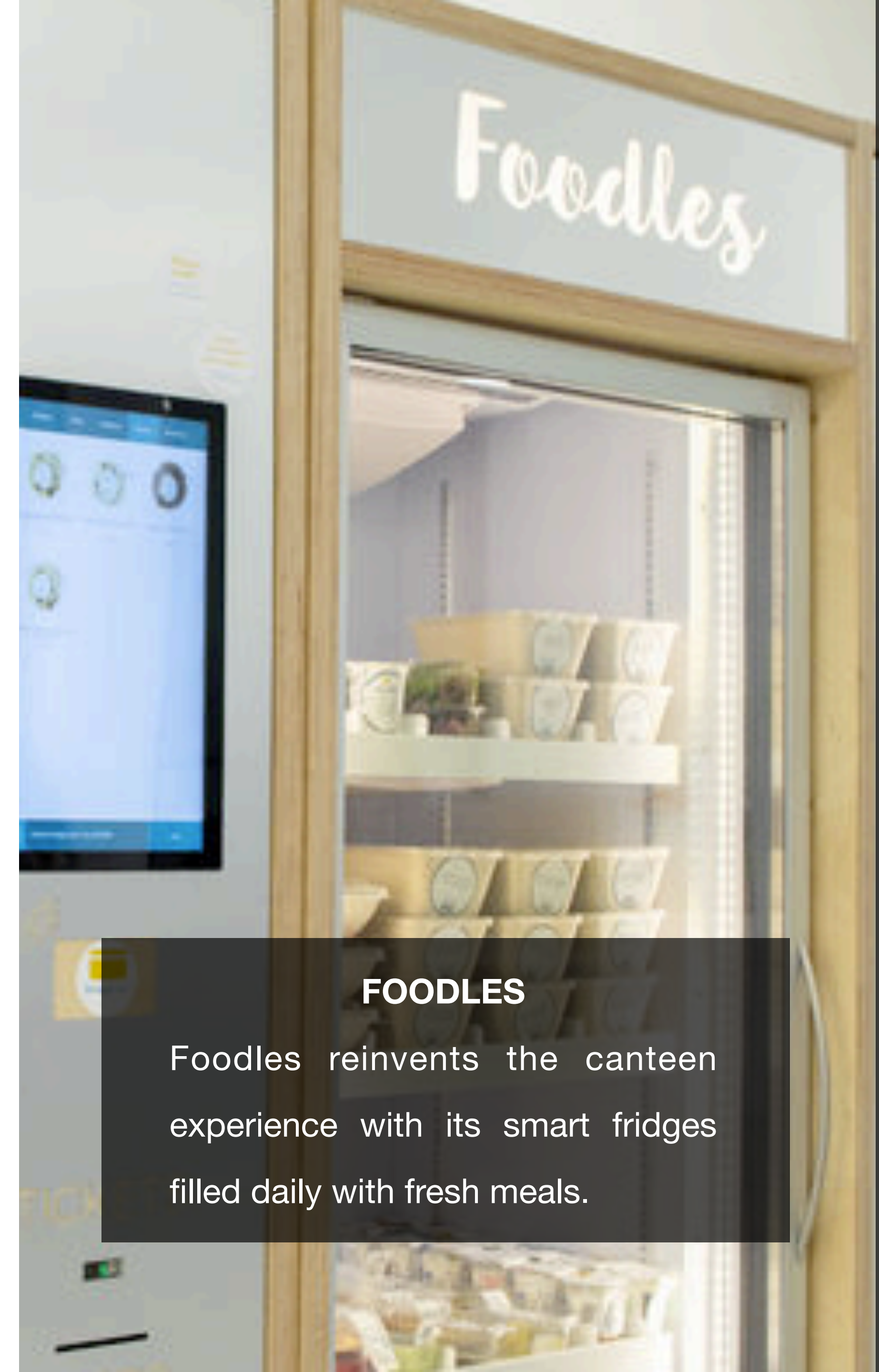
Startup acquired	Activity	Category	Date	Amount	Acquirer
	Meal Kits	Delivery	January 2020	undisclosed	 Carrefour
	Virtual restaurants	Delivery	January 2020	undisclosed	 Carrefour
	Catering	Delivery	February 2020	undisclosed	 SCAEL Groupe Coopératif
	Ag marketplace	AgTech	October 2020	undisclosed	
	Product innovation	Foodscience	March 2020	undisclosed	 bel for all for good
	Product innovation	Foodscience	March 2021	undisclosed	 sumup®
	Virtual restaurants	Foodservice	March 2021	undisclosed	 SALSIFY
	Data For Supply Chain	Retail	June 2021	undisclosed	 elior

TRENDS

FRENCH FOODTECH STRONGHOLDS...

As for other “tech” ecosystems, France’s FoodTech is led by B2B oriented startups.

- In 2020, the **ecosystem was notably led by a couple of insect-for-animal-feed startups**, Ynsect and InnovaFeed. Over the past four years (2016 to 2020), startups working on insects, either for animal feed or human consumption accounted for 44% of all the capital raised by French FoodTech.
- Otherwise, the biggest deals have consistently been in foodservice startups (Swile, Innovorder, Wynd, Pazzi) and in other AgTech startups (Naïo Technologies, VitiBot, Microphyt).



FOODLES

Foodles reinvents the canteen experience with its smart fridges filled daily with fresh meals.

TRENDS

... BUT WEAKNESSES IN KEY AREAS

The French ecosystem is weak in the fastest growing FoodTech categories, notably grocery delivery and protein alternatives. This may be explained by a long preference from investors for B2B companies, short term bets on brands rather than long-term ones on R&D and quick exits. Indeed, 2020 has been a record year in the number of acquisitions.

However local champions should not be overlooked:

- Cajoo and La BelleVie could keep growing or become interesting targets in the very fast grocery delivery ecosystem (more than 2 billion euros raised in the first semester in Europe in this space).
- Gourmey and Vital Meat, working on cellular agriculture
- Pazzi, Bolk and others using robotics to reinvent the foodservice experience
- Kitchen'box, Taster, Not So Dark, which are working on cloud kitchens and virtual restaurants.



PAZZI

Pazzi creates fully autonomous pizza restaurants.



GOT A QUESTION? CONTACT US!

contact@digitalfoodlab.com

