



Accel
Euroscape
2023

GENERATION AI

1

INTRODUCTION

MARKET UPDATE

2023 EUROSCAPE

WHAT'S NEXT

APPENDIX

2000: 14 years for NASDAQ to return to 80% of its peak...

NASDAQ COMPOSITE INDEX 1999-PRESENT



2021: Only 18 MONTHS to reach the same milestone!

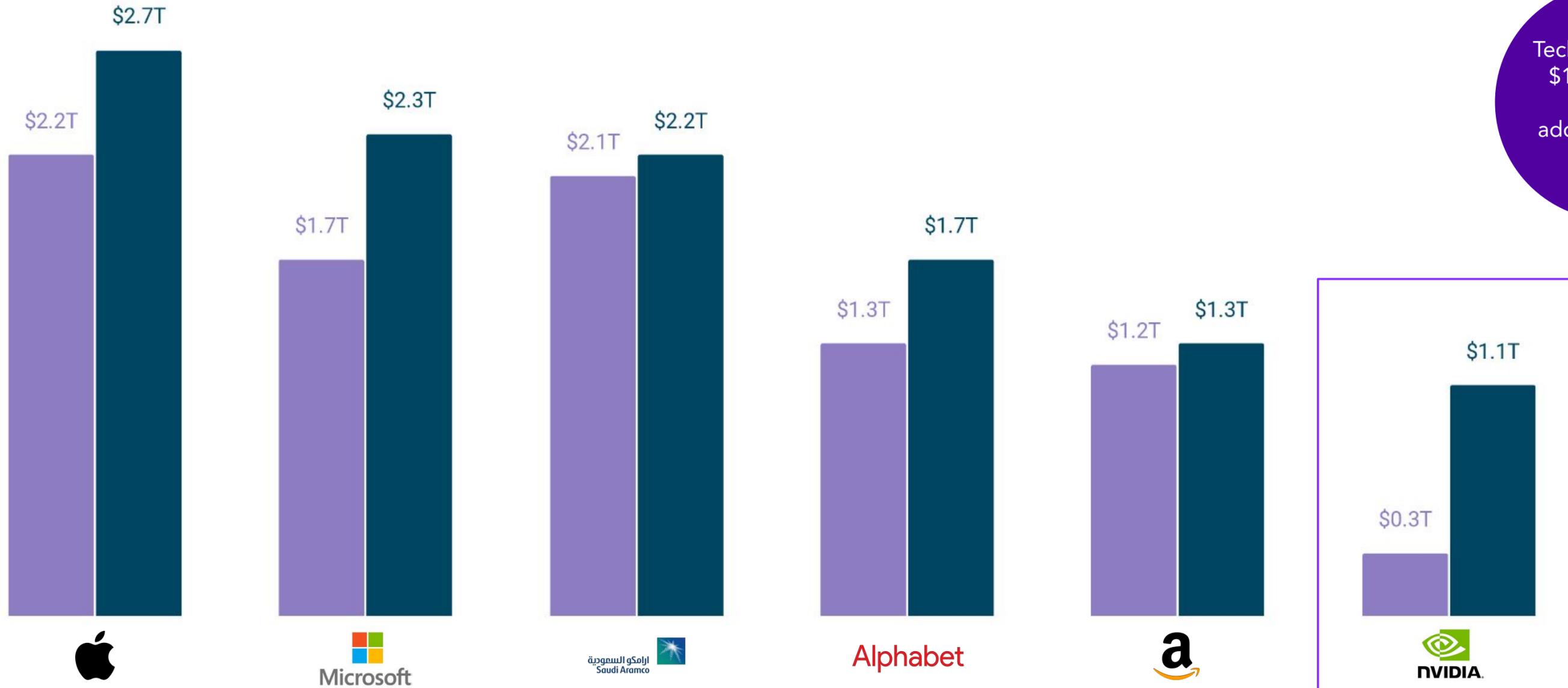
NASDAQ COMPOSITE INDEX 1999-PRESENT



Tech Titans up 36% in the past year, adding \$2.4T of market cap - NVIDIA joins the \$1T+ Club

COMPANIES WITH MARKET CAP >\$1T

■ Sept-2022 ■ Sept-2023

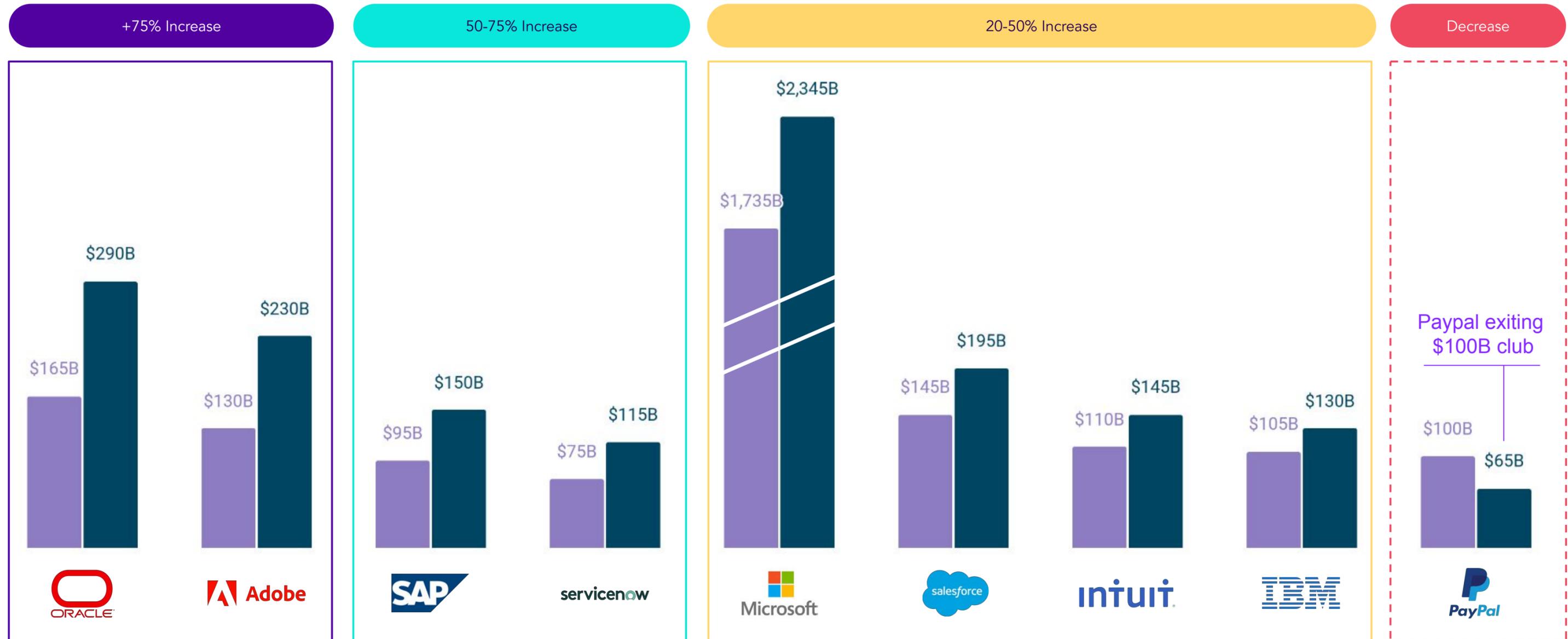


Tech dominating \$1T+ market cap club adding \$2.4T in LTM

Cloud Giants up ~40% in the last year, adding \$1T of market cap

CLOUD COMPANIES WITH MARKET CAP >\$100B

■ Sep-22 ■ Sep-23

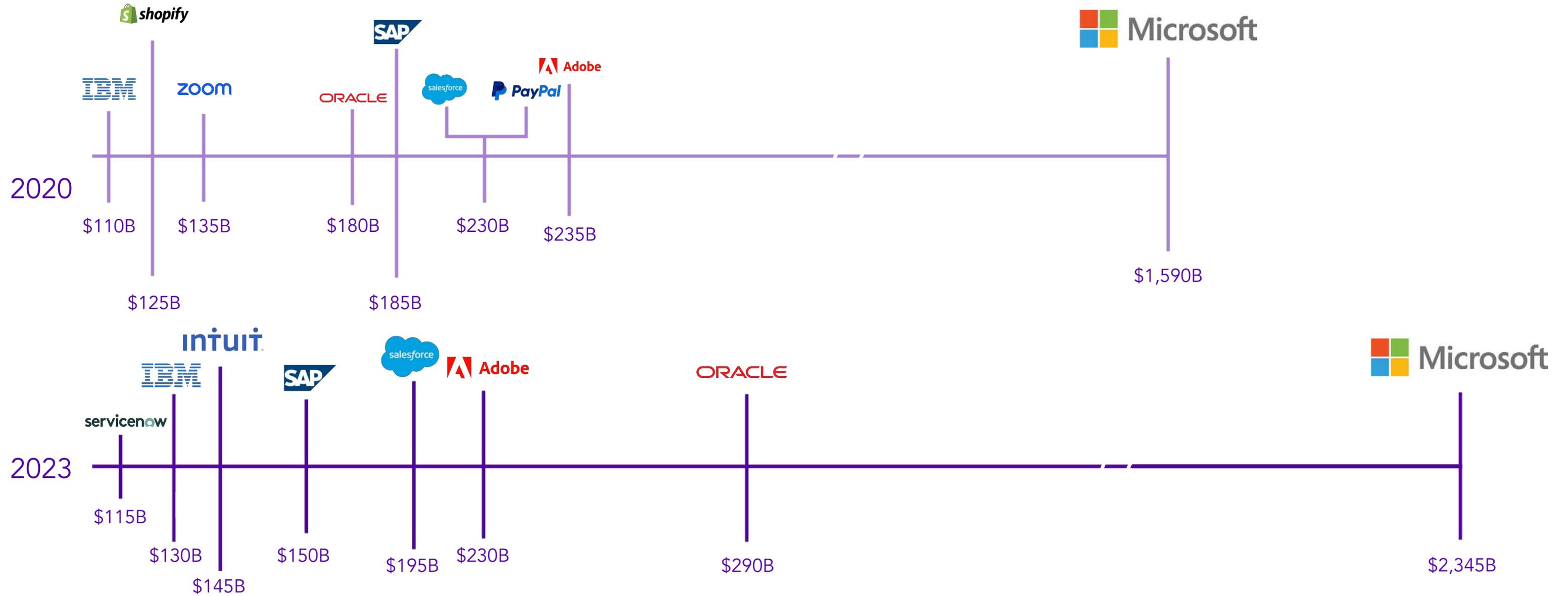


Paypal exiting \$100B club

Note: Comparison between September 30, 2022 and September 30, 2023. Market cap rounded to nearest \$5B. Non-USD market capitalisations converted to USD using historic FX. Source: CapIQ, Accel Analysis

Cloud is eating software...and MSFT is eating cloud...

CLOUD COMPANIES WITH MARKET CAP >\$100B



Note: Data as of September 30, 2020 and September 30, 2023. Market cap rounded to nearest \$5B. Chart not to scale. Source: CapIQ, Accel Analysis

... dominating cloud, security and AI

Cloud

MOST RECENT QUARTER ANNUALISED



\$96B
(+15% y/y)



\$88B
(+12% y/y)



\$32B
(+28% y/y)

Security

CY22 REVENUE



\$20B
(+33% y/y)



\$6.2B
(+27% y/y)



\$2.2B
(+54% y/y)

Generative AI



\$10B equity investment into OpenAI

New AI-powered products:

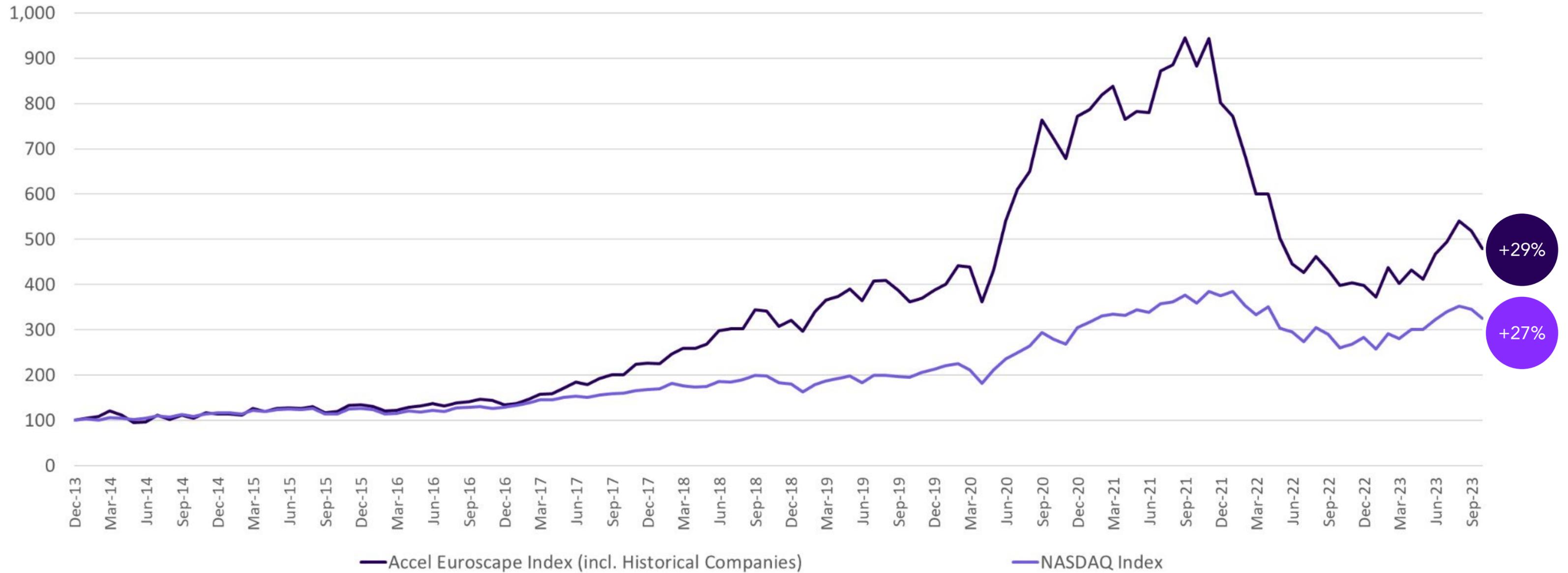
- Github Copilot suggests code in real-time
- Microsoft 365 Copilot leverages LLMs across Office Suite
- Microsoft Security Copilot uncovers, investigates, and responds to threats

Azure will power all OpenAI workloads across research, products and API services.

Reportedly developing proprietary AI chips to reduce reliance on NVIDIA

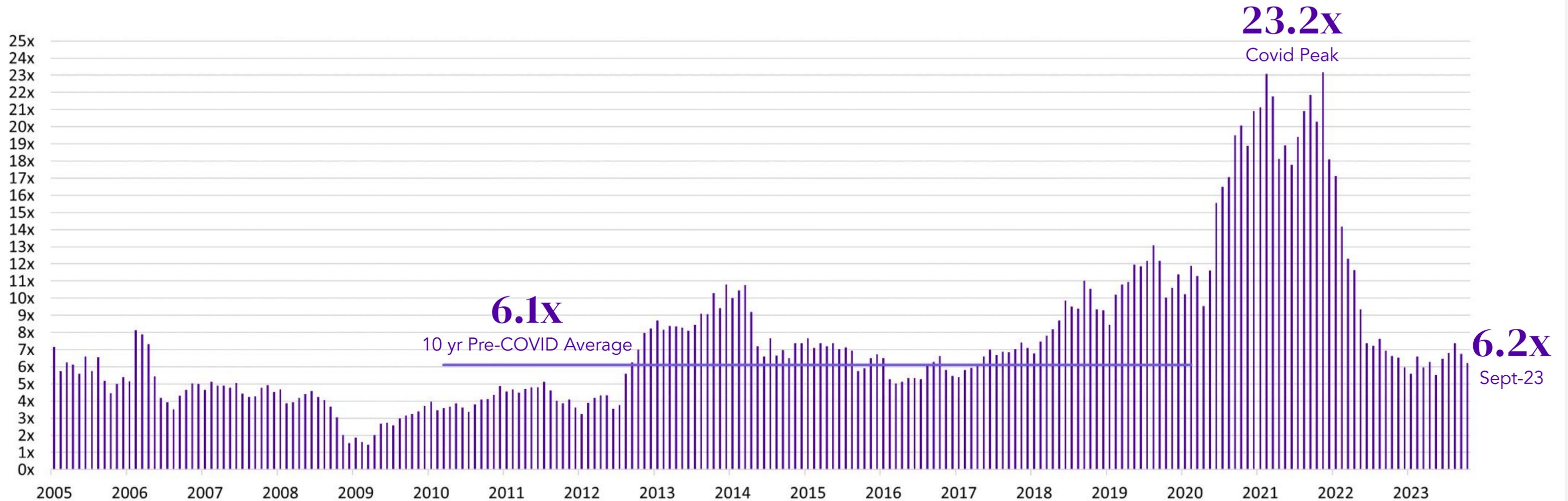
Euroscope recovering - up 29% YTD

GLOBAL EUROSCAPE INDEX



Euroscope multiples reverting to 10-YR pre-Covid average

NTM REVENUE MULTIPLES - GLOBAL EUROSCOPE



Accel loves Cloud and AI globally

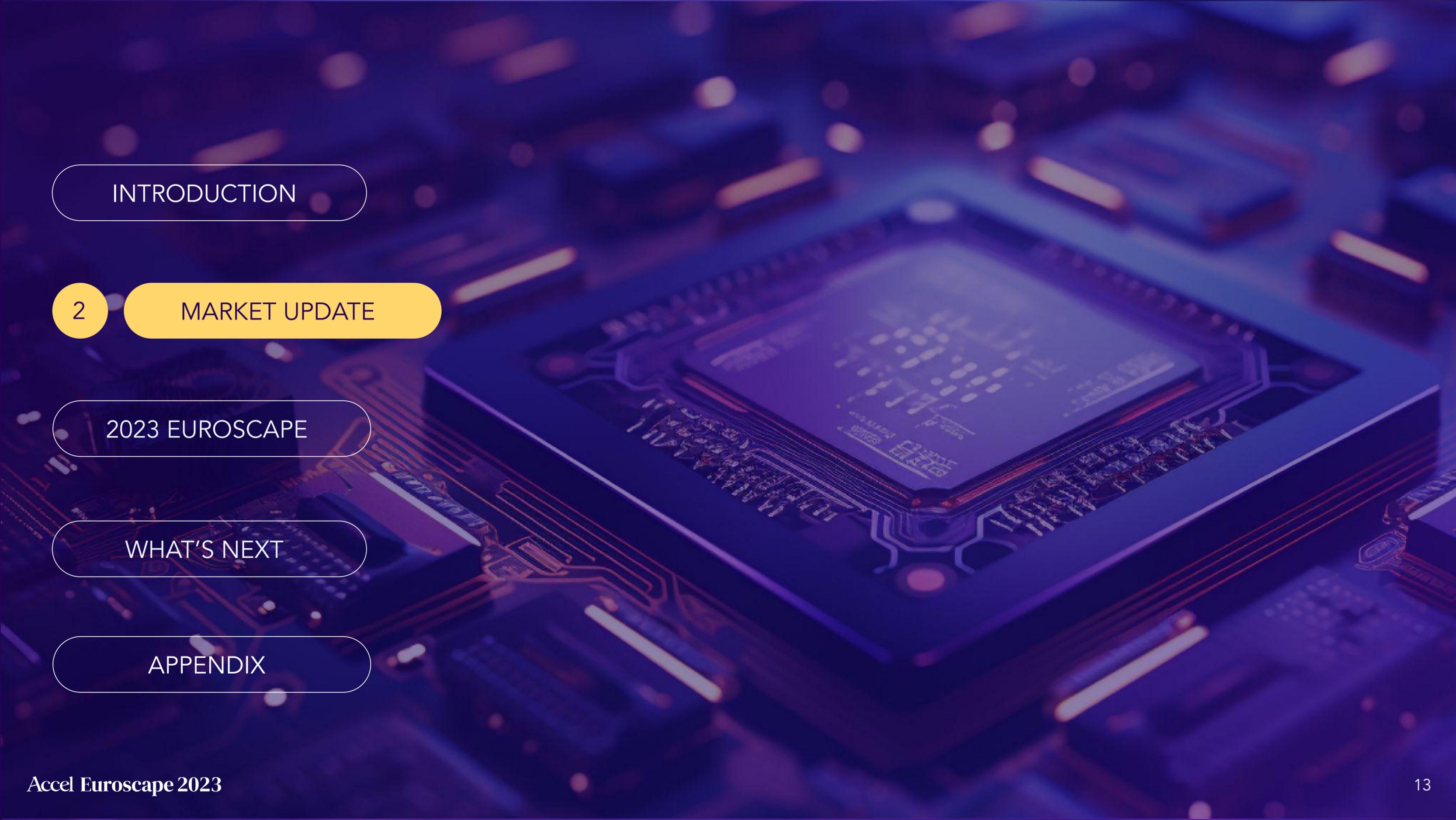


20+
IPOs

65+
UNICORNS

370+
COMPANIES

\$9B+
INVESTED

A close-up, high-angle photograph of a microchip mounted on a printed circuit board (PCB). The chip is square with a grid of pins around its perimeter. The PCB is dark blue with intricate copper-colored traces. The background is a blurred, bokeh effect of light spots, suggesting a complex electronic environment.

INTRODUCTION

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MARKET UPDATE

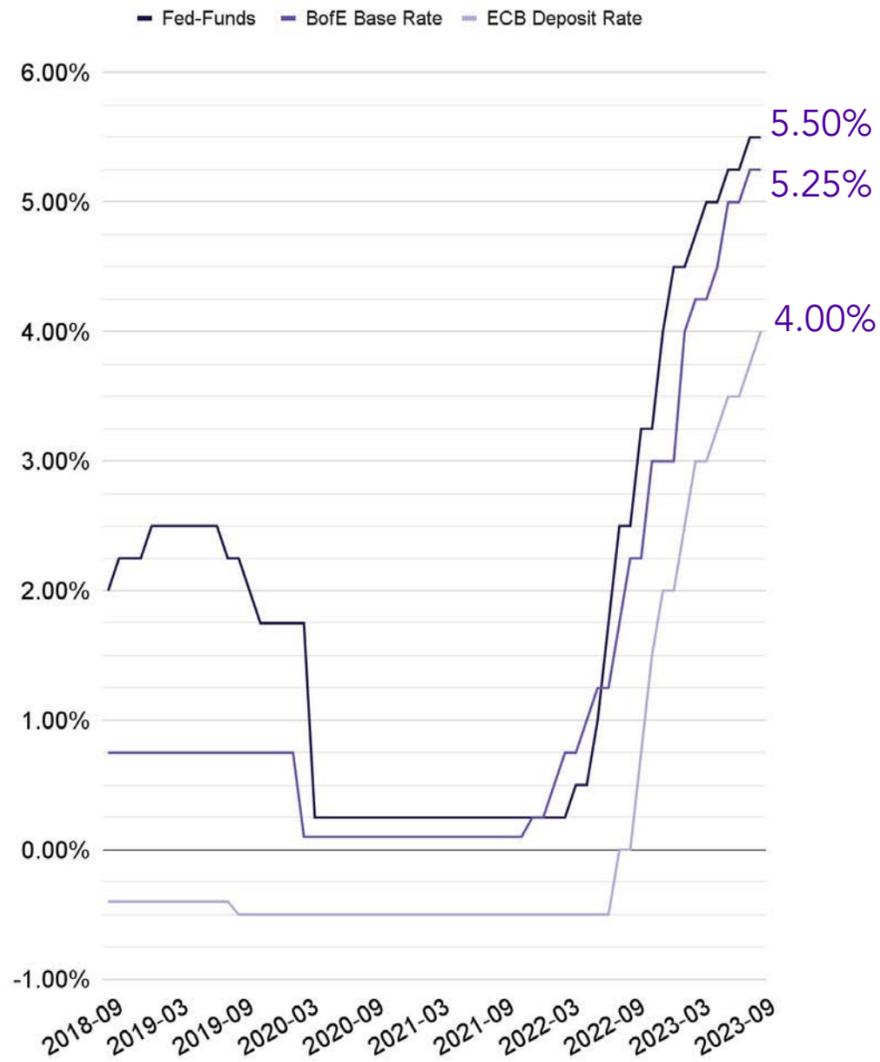
2023 EUROSCAPE

WHAT'S NEXT

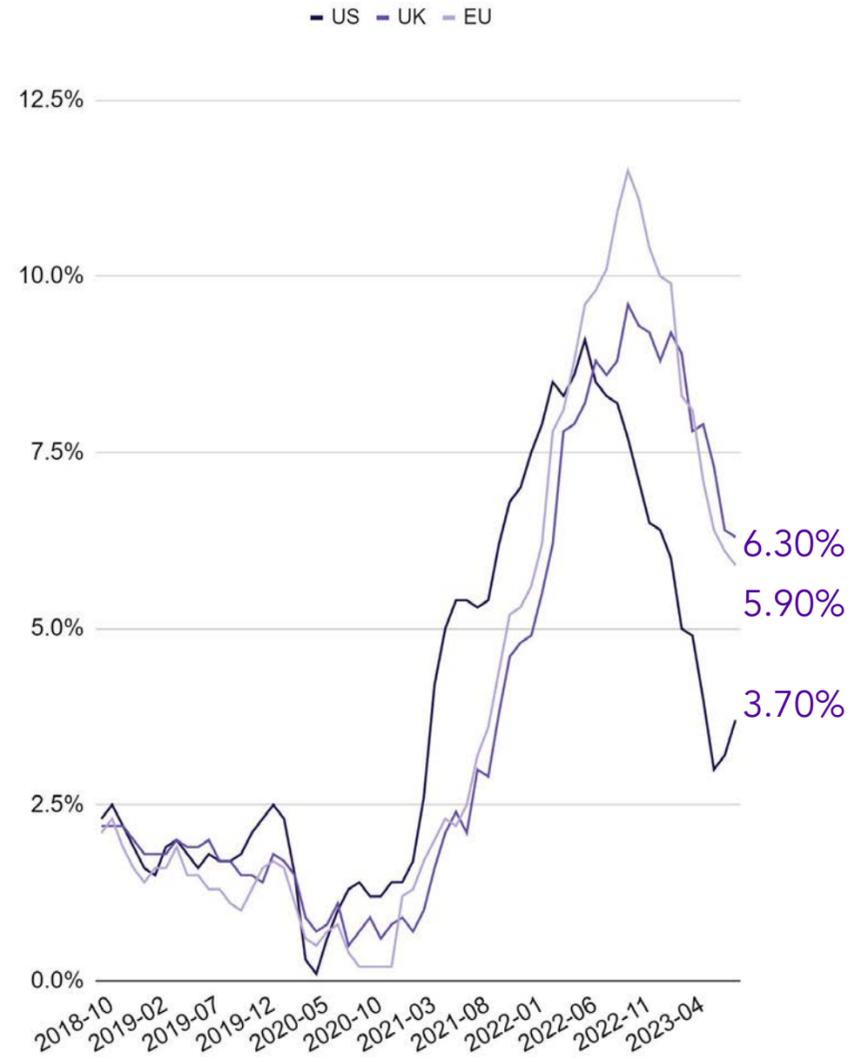
APPENDIX

Market backdrop: rates stabilising as inflation declines

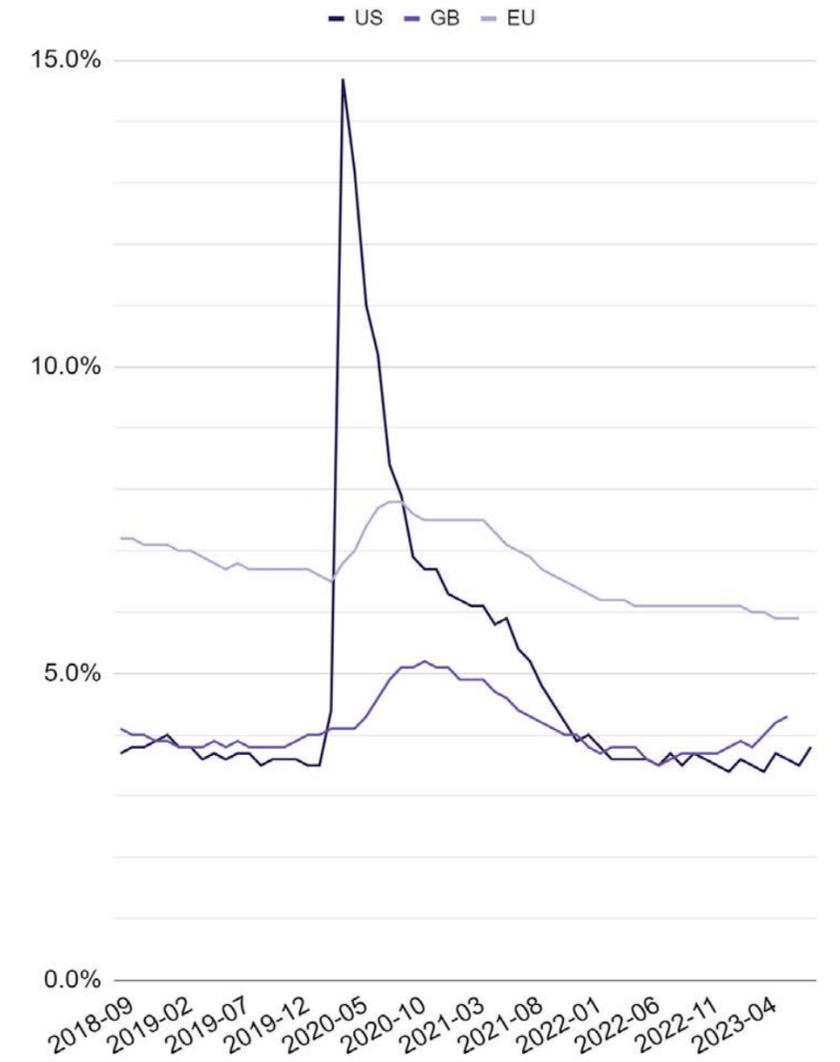
Interest Rates



Inflation (CPI)



Unemployment Rates



Narrative shifting from hard to soft landing

“Our central case is a hard landing by the end of 2023... I will be stunned if we don’t have a recession in 2023”

Stanley Drunkenmiller, Fmr. Chairman & President of Duquesne Capital

SEP - 2022

“With consumption and inflation reheating, risks of a hard landing resembling a boom/bust are growing”

Lisa Shalett, CIO of Morgan Stanley Wealth Management

FEB - 2023

“We have been too bearish on the US economy; soft(er) landing probabilities have increased”

“Rising hopes for a softer landing”, JP. Morgan Private Bank Report

AUG - 2023

SEP - 2022

“I think a hard landing is substantially more likely”

Larry Summers, Economist & Fmr. US Treasury Secretary

JUL - 2023

“We’ve seen these repeated predictions that recession is right around the corner — and the data has instead delivered continued resilience in the economy”

Lael Brainard, Director of National Economic Council

SEP - 2023

“The chance of having a relatively soft landing and navigating through this has gone up very meaningfully over the last 12 months”

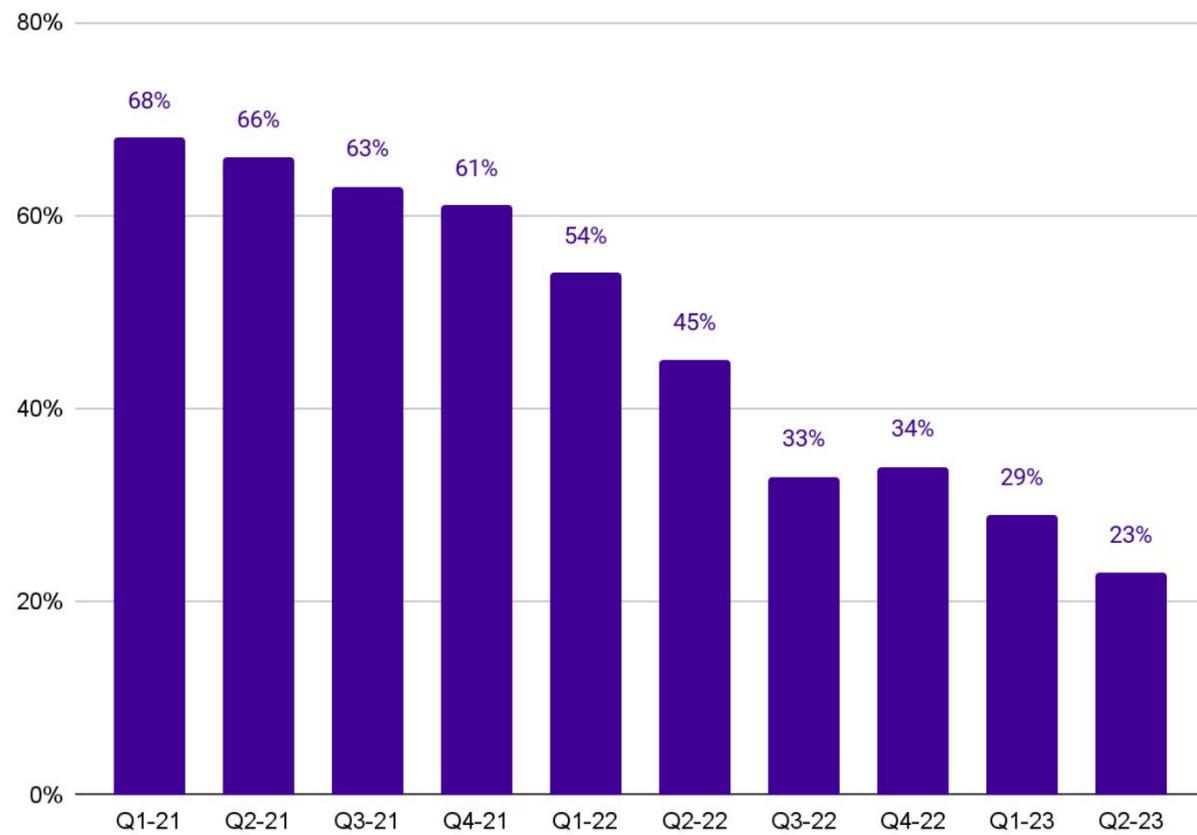
David Solomon, CEO of Goldman Sachs

Fastest growing cloud companies moving to profitability as growth slowed down...

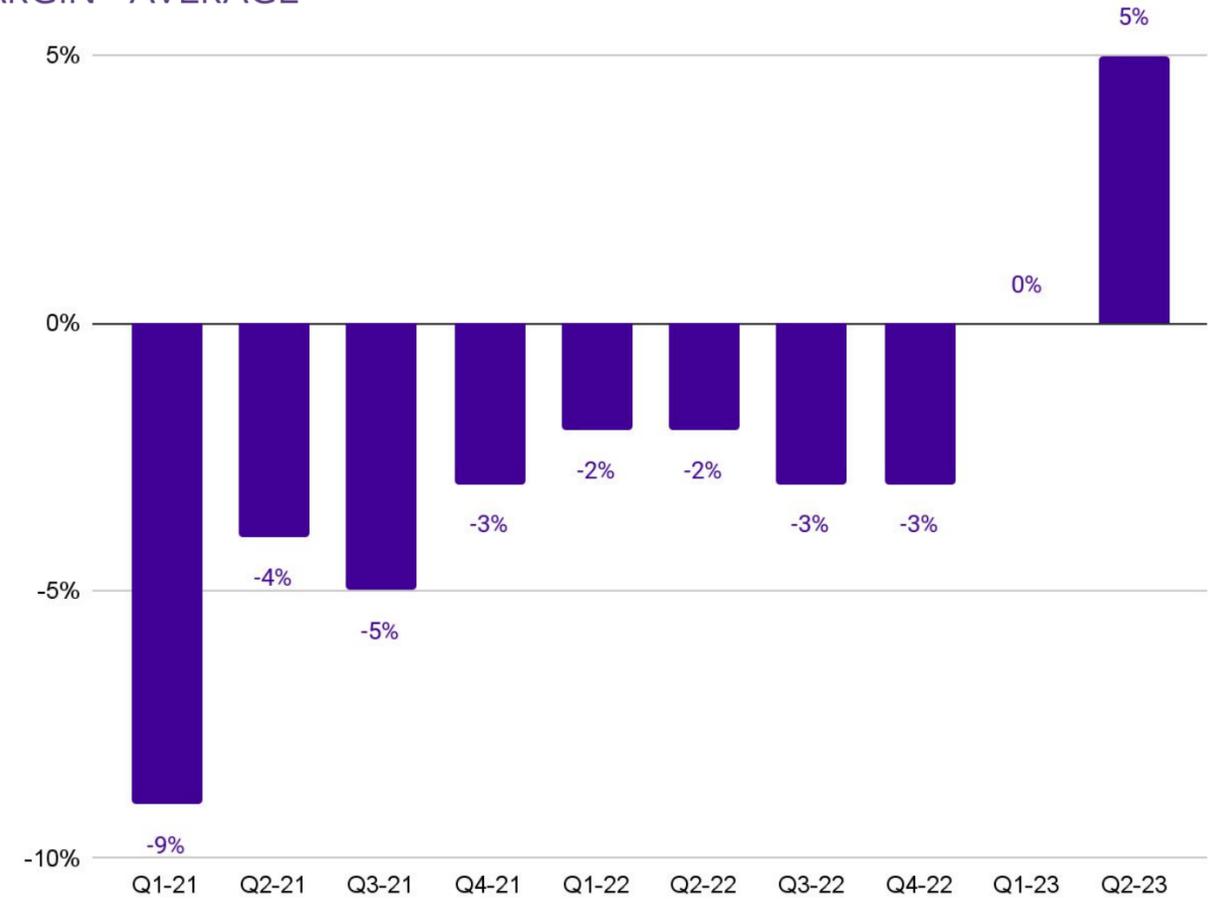
EUROSCAPE FASTEST GROWING COMPANIES

Top quartile by Q2-23 NTM growth rate

GROWTH RATE - AVERAGE

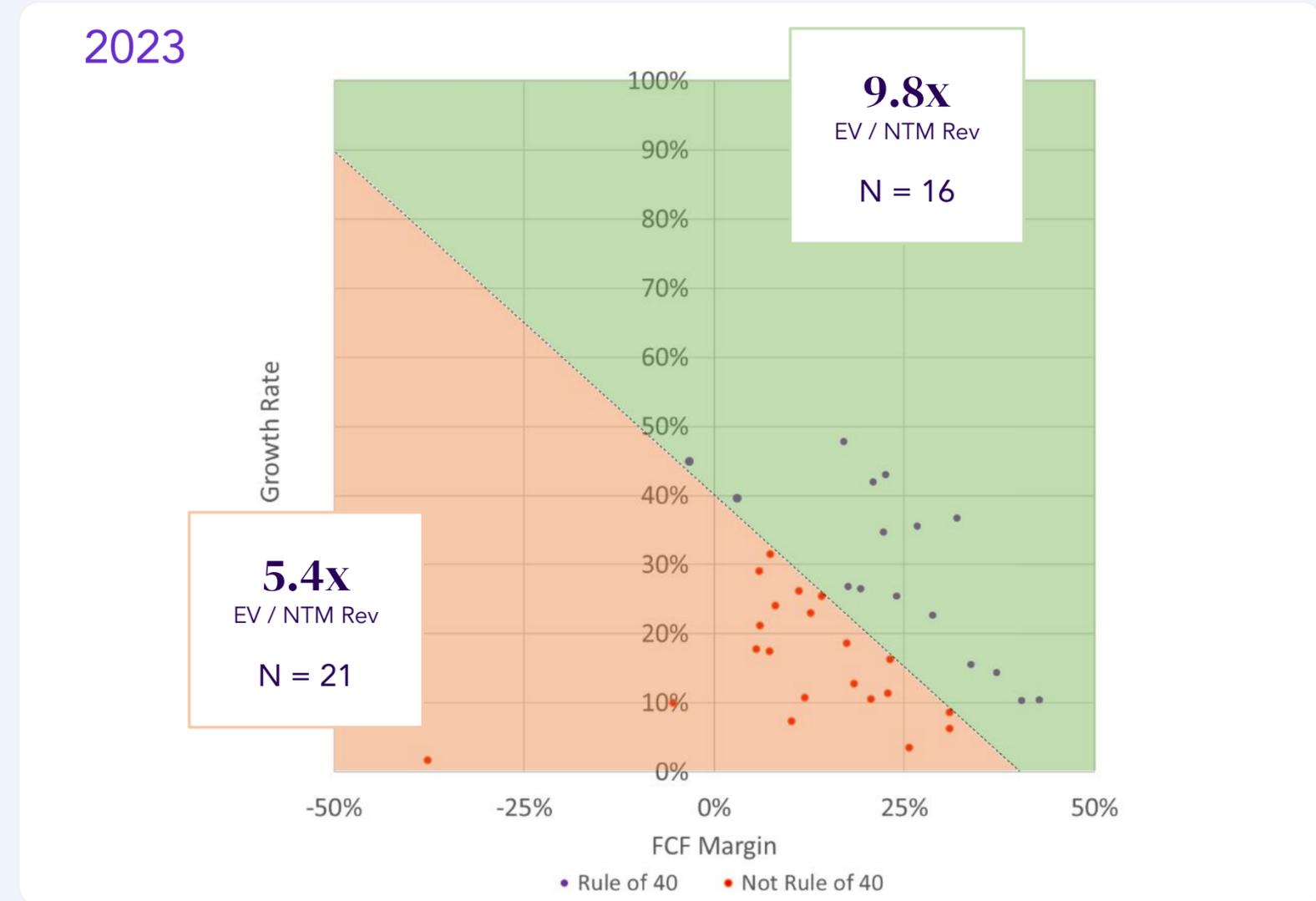
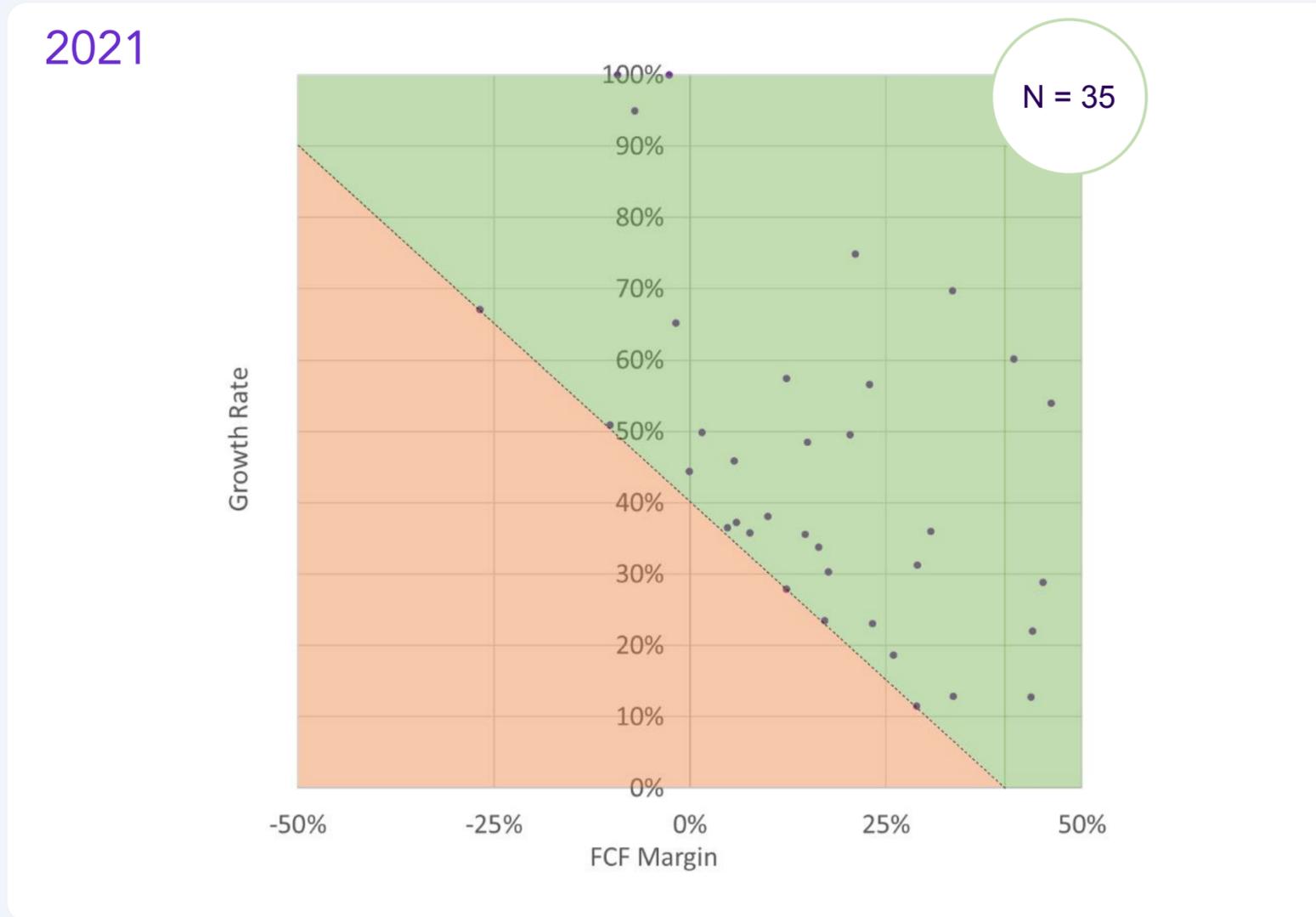


FCF MARGIN - AVERAGE



...BUT decline in growth not always balanced enough by profitability, making rule of 40 companies a rare breed

SEP-21 RULE OF 40 COMPANIES - GROWTH VS FCF



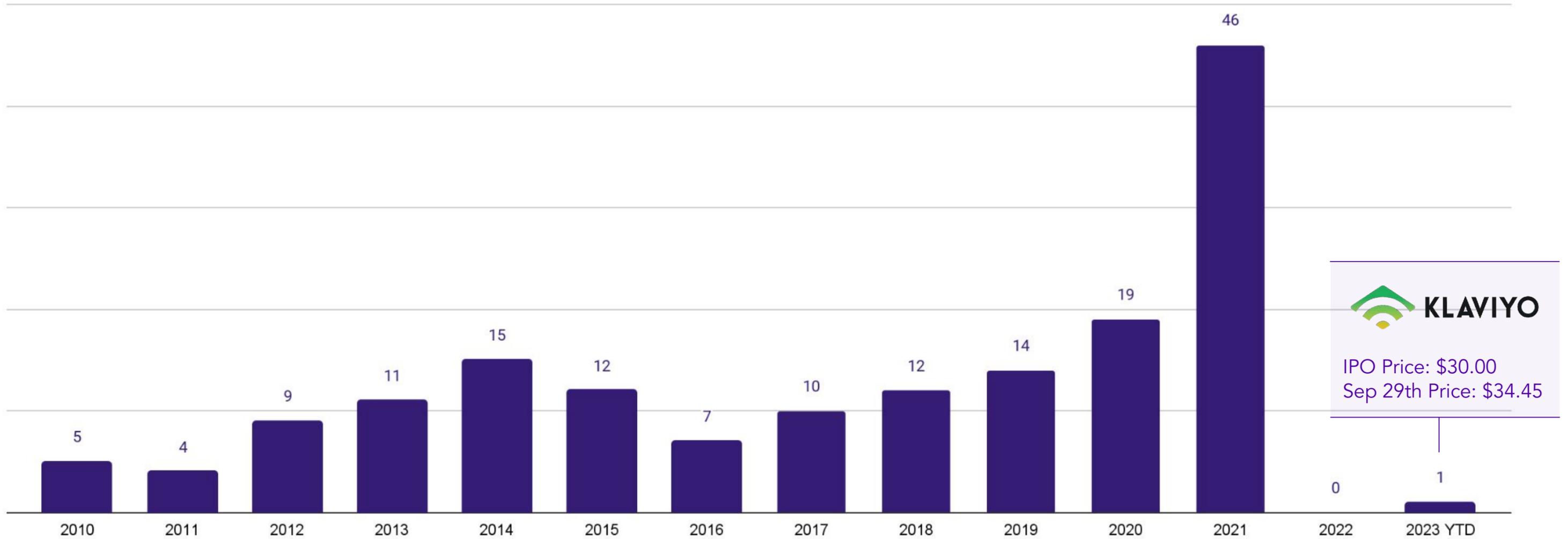
Fastest growing companies continue to be dominated by cyber

TOP 5 FASTEST GROWING EUROSCAPE COMPANIES AS OF Q2-23



First signs of IPO window reopening...

SAAS / CLOUD IPOs



...with many companies reaching scale

EUROPE / ISRAEL

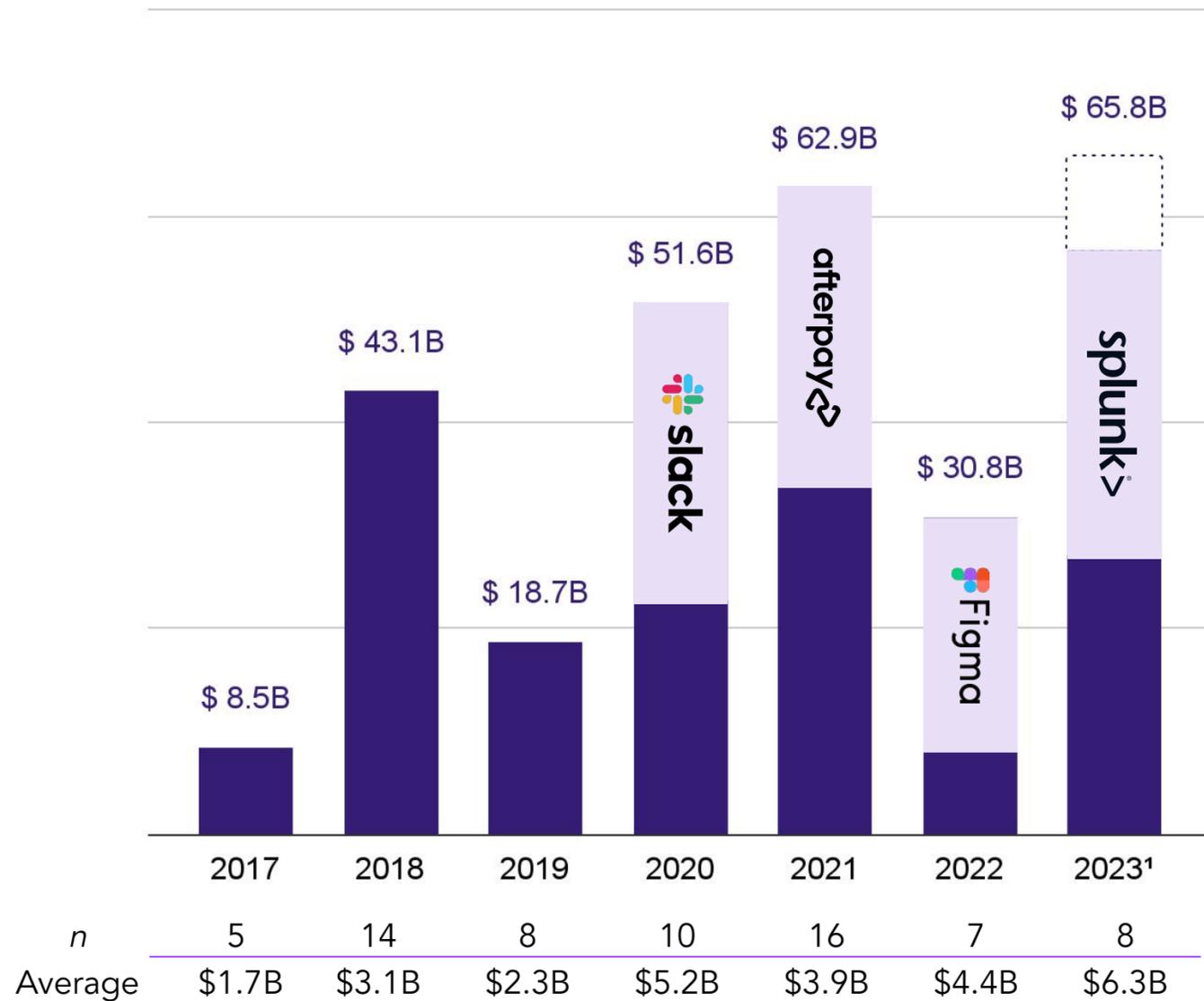


UNITED STATES



Strategic M&A regaining momentum after slow 2022

AGGREGATE STRATEGIC M&A VALUE FOR LARGE DEALS

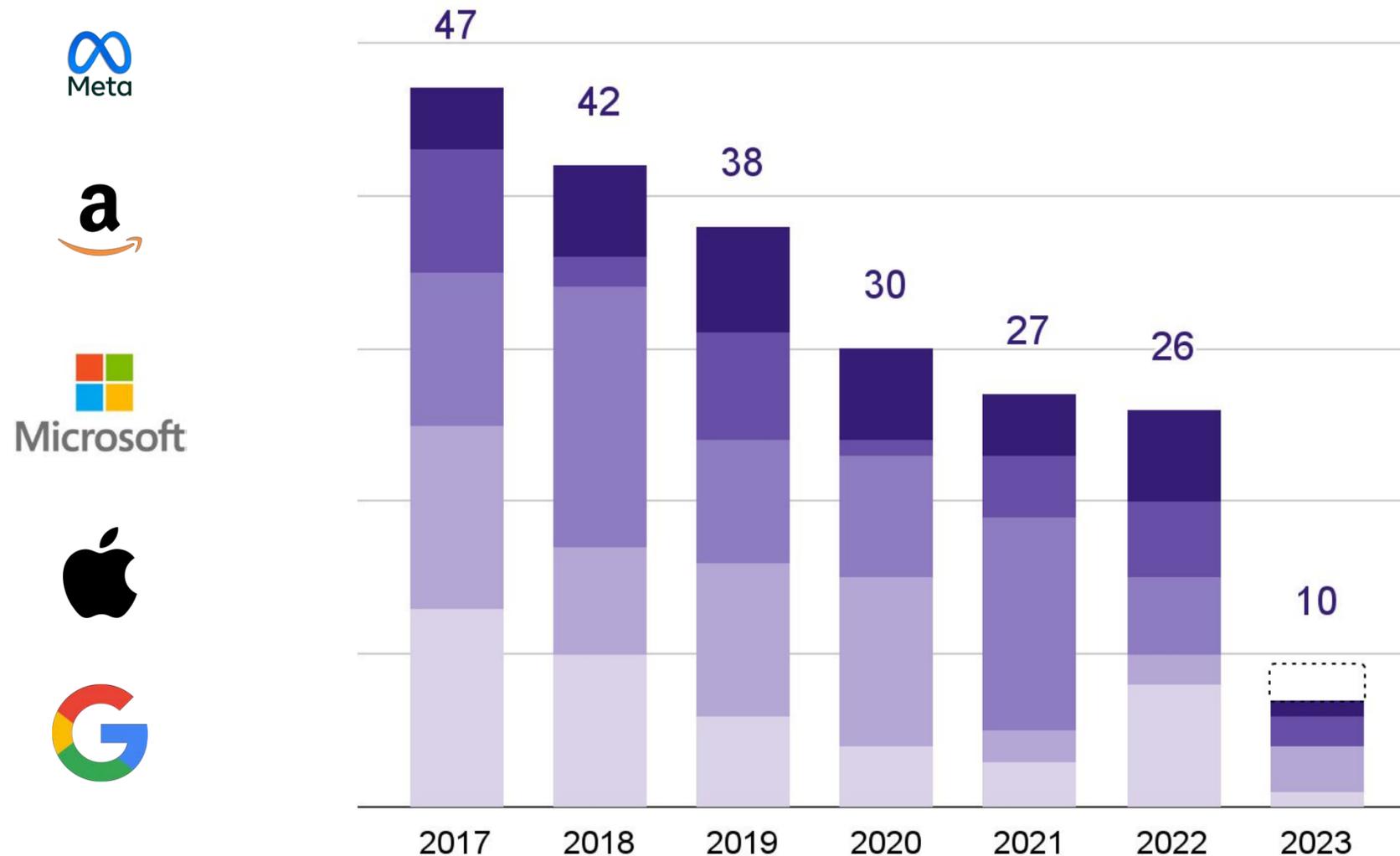


LARGEST STRATEGIC M&A BY EV LTM

Target	EV	Acquirer
splunk>	\$29.6B	CISCO
Adenza	\$10.5B	Nasdaq
APPTIO	\$4.6B	IBM
SimCorp	\$4.4B	Deutsche Börse
imperva	\$3.6B	THALES
TRANSPOREON	\$2.0B	Trimble
SERVICEMAX	\$1.5B	ptc
mosaic ^{ML}	\$1.3B	databricks

Big tech acquisitions declining as regulatory pressure increases

AGGREGATE COUNT OF BIG TECH ACQUISITIONS



F.T.C. Accuses Amazon of Tricking Users Into Subscribing to Prime

The lawsuit is the first time that the Federal Trade Commission under its chair, Lina Khan, has taken Amazon to court.

US regulators move to block Microsoft's \$69bn Activision Blizzard deal

Federal Trade Commission opposes purchase, which would be largest in video-game industry history, on antitrust grounds

FTC investigating Amazon's \$3.9B purchase of One Medical

The Federal Trade Commission is investigating Amazon's \$3.9 billion acquisition of the primary health organization One Medical, a move that could delay the completion of the deal

Via AP news wire • Saturday 03 September 2022 01:35 BST



PRESS RELEASE

Justice Department Sues Google for Monopolizing Digital Advertising Technologies

Tuesday, January 24, 2023

Share >

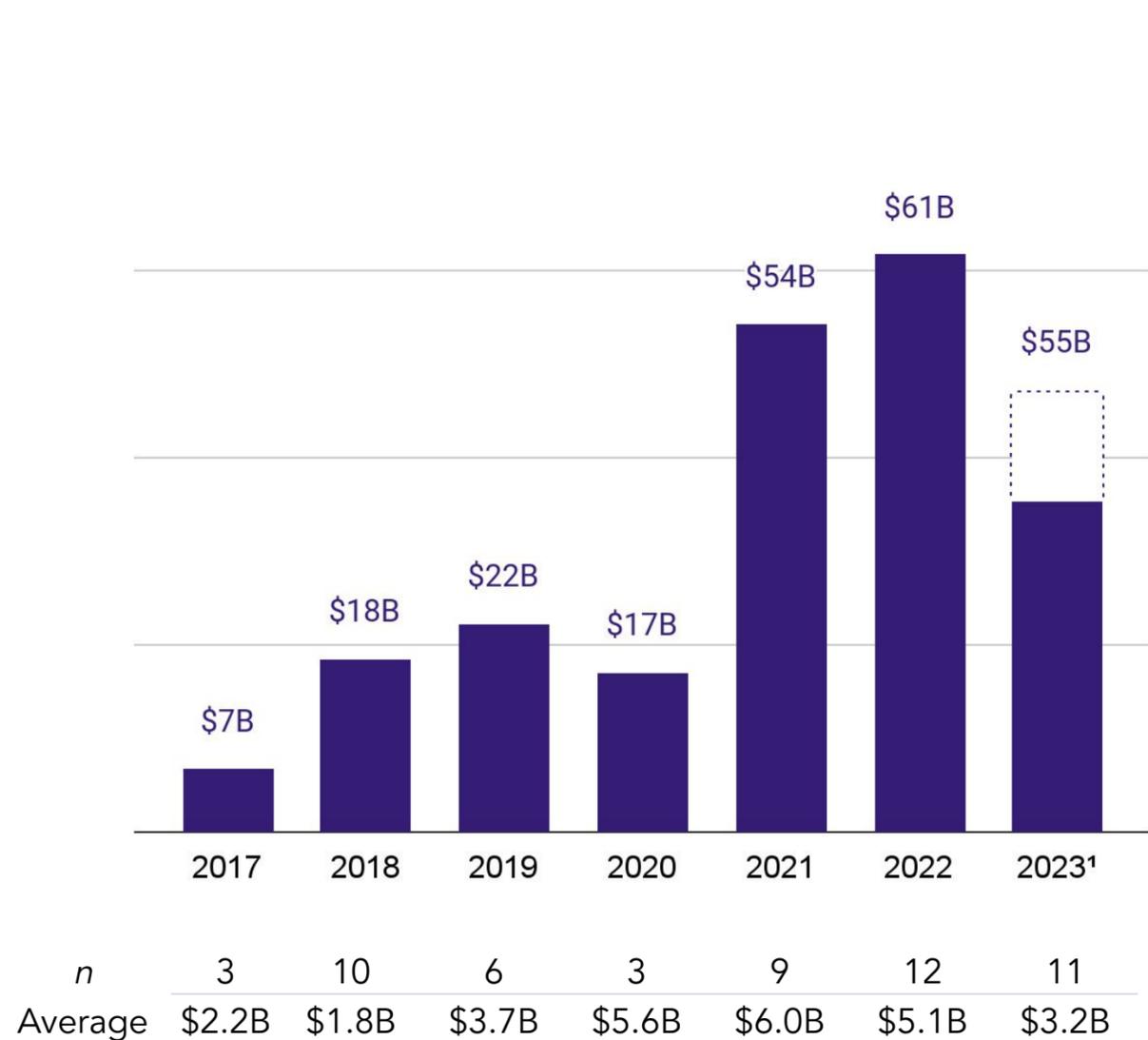
For Immediate Release

Office of Public Affairs

Through Serial Acquisitions and Anticompetitive Auction Manipulation, Google Subverted Competition in Internet Advertising Technologies

Cloud take-private activity remaining strong

AGGREGATE SPONSOR-LED EV FOR LARGE DEALS ³



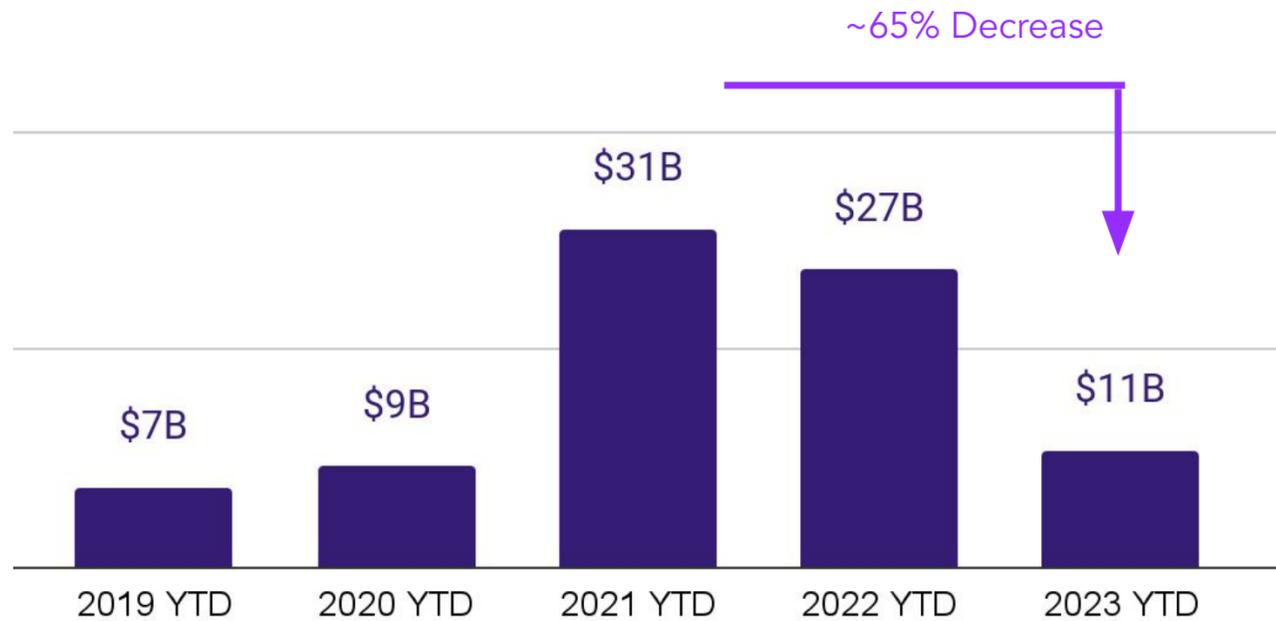
LARGEST SPONSOR TAKE PRIVATE DEALS BY EV LTM

Target	EV	NTM Revenue Multiple	Premium ²	Acquirer(s)
qualtrics	\$11.7B	7.1x	62%	
coupa	\$8.0B	8.4x	77%	
new relic	\$6.1B	5.8x	17%	
cvent	\$4.6B	6.5x	29%	
KnowBe4	\$4.3B	11.4x	44%	
software ^{AG}	\$2.9B	2.6x	60%	
Duck Creek Technologies	\$2.4B	7.0x	46%	
ForgeRock [®]	\$2.0B	8.4x	53%	
Overall Average ³	\$3.4B	6.7x	51%	vs. 39% previous 12M

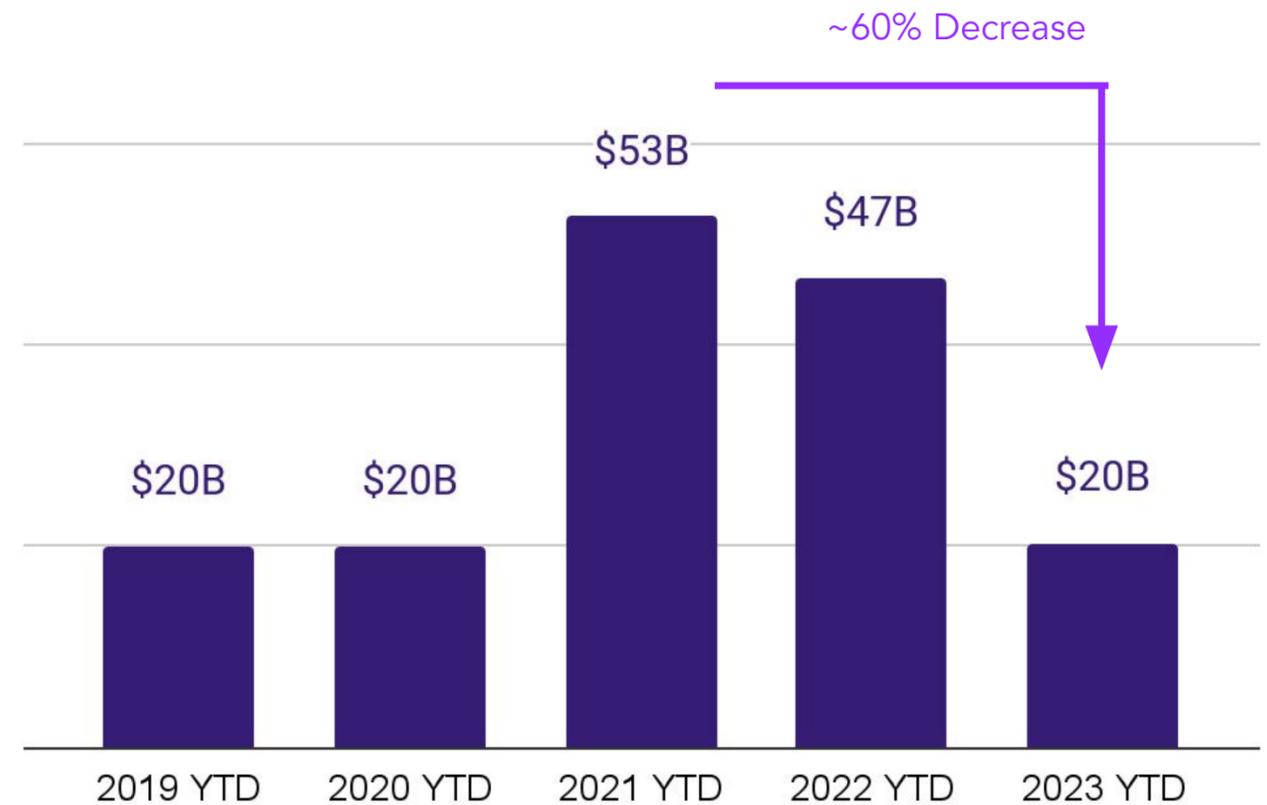
1) 2023 Annualised as of September 30, 2023
 2) Premium indicates unaffected premium based on day prior to transaction announcement or of day prior to rumors of a potential transaction
 3) Deals with \$500M+ Enterprise Value
 Source: Accel Analysis, Qatalyst, Pitchbook, CapIQ

Cloud venture financing normalising to pre-Covid levels

EUROPE / ISRAEL - TOTAL CAPITAL RAISED IN CLOUD

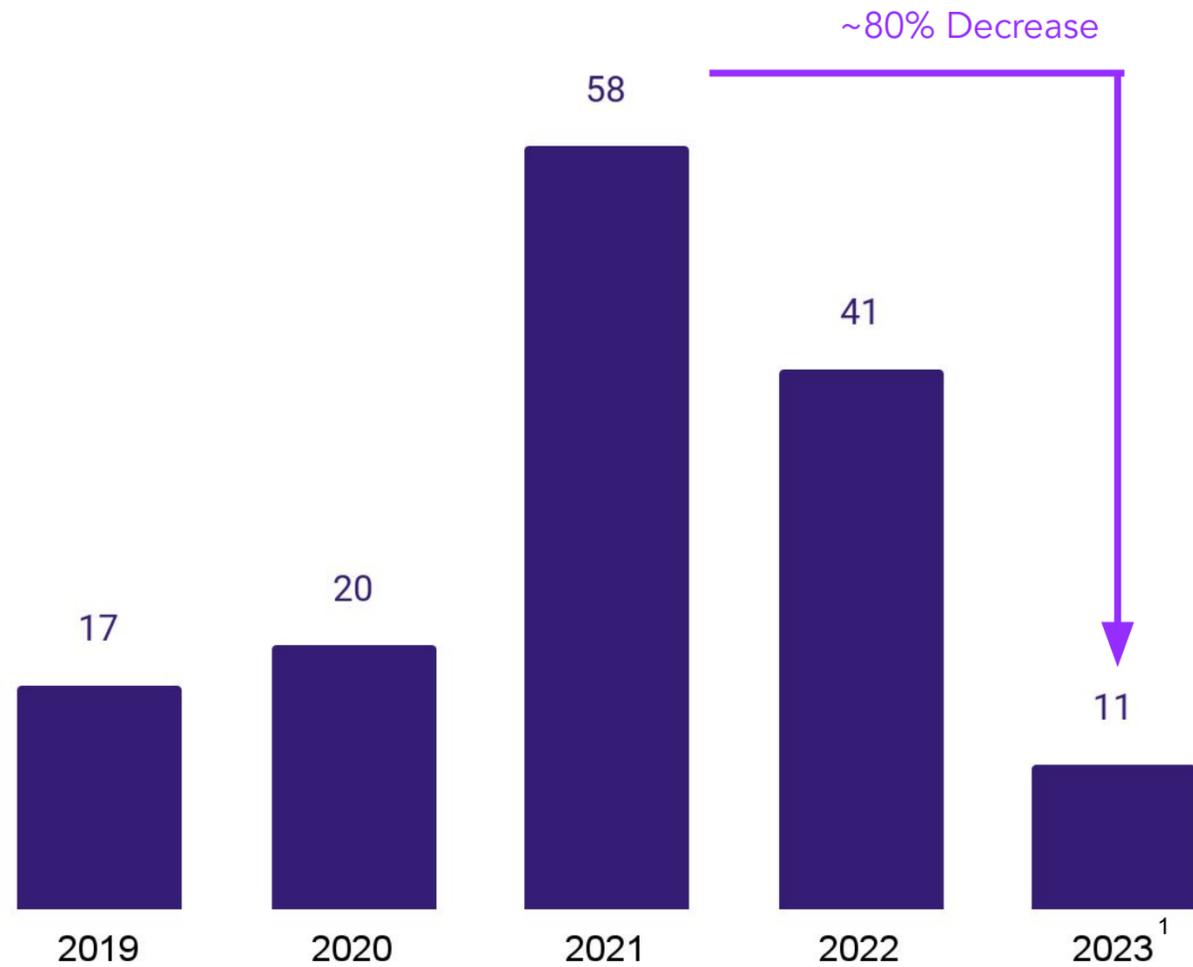


US - TOTAL CAPITAL RAISED IN CLOUD

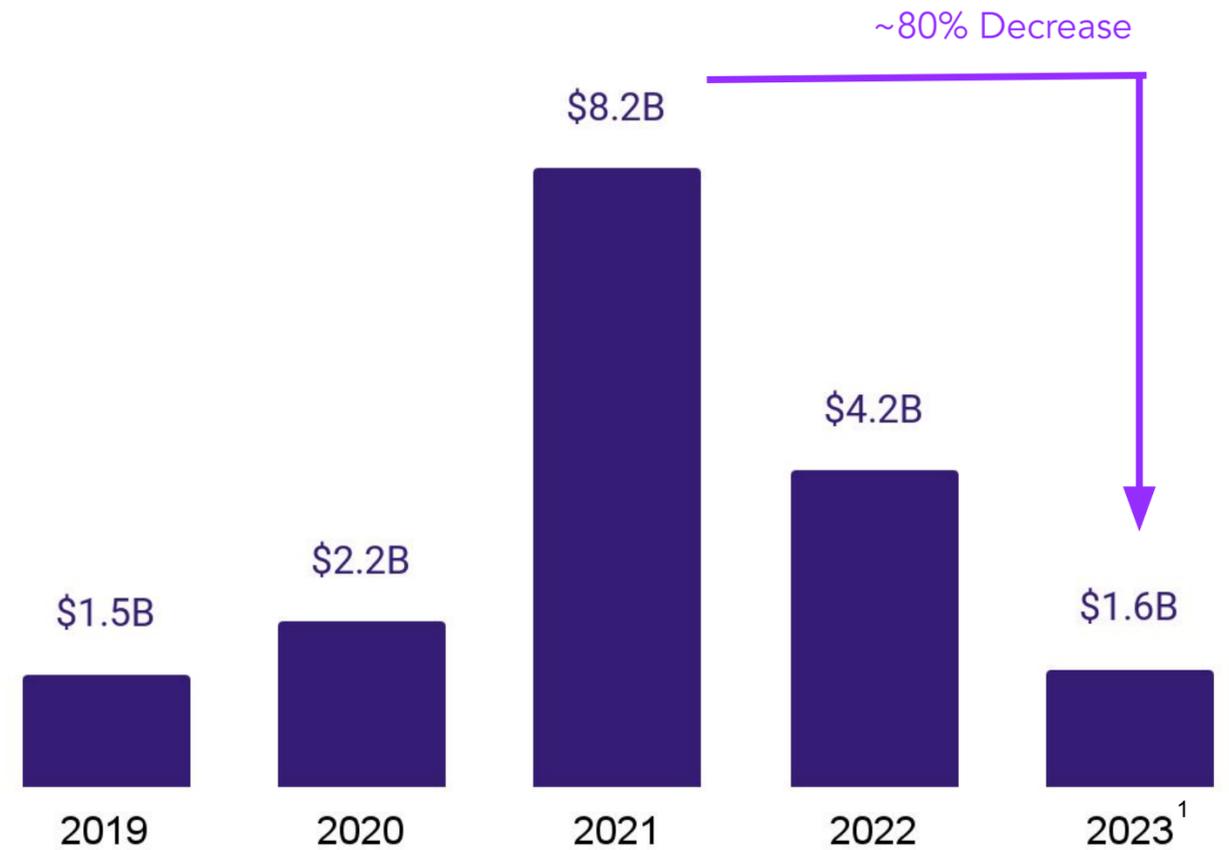


...despite Israel being disproportionately impacted on the late-stage side

ISRAEL - NUMBER OF CLOUD ROUNDS OVER \$50M

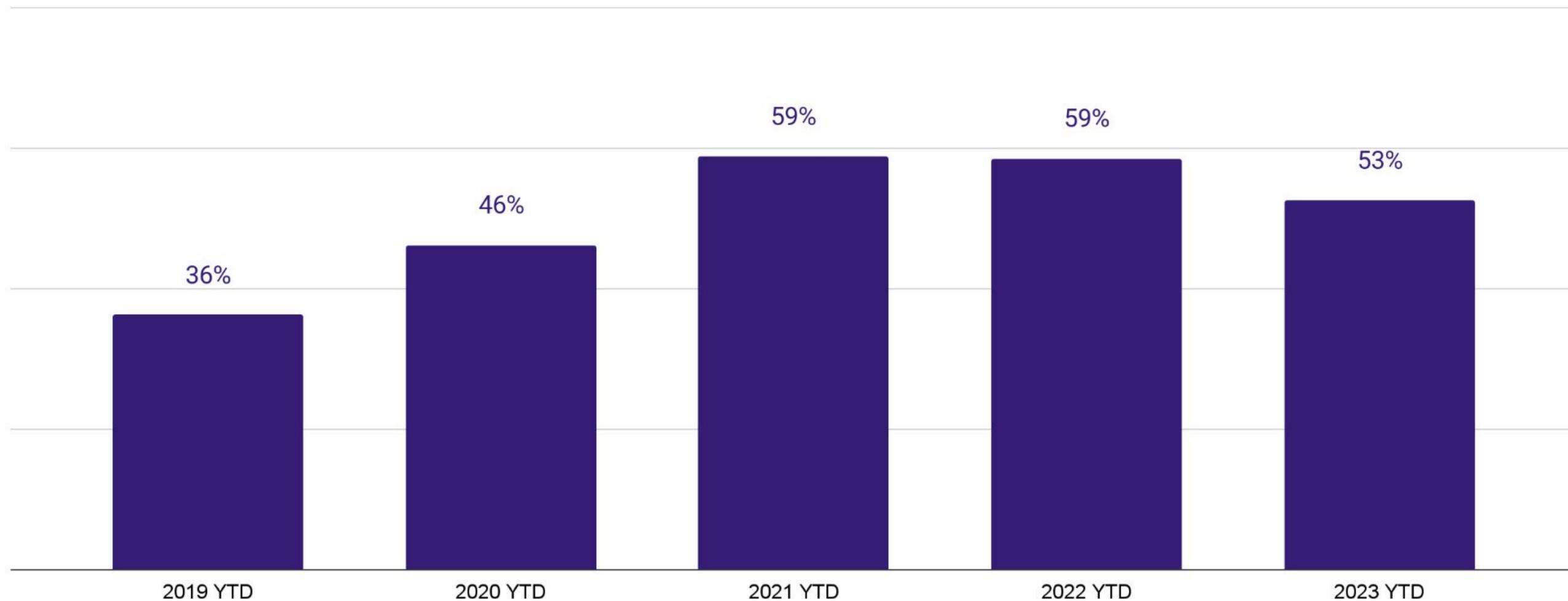


ISRAEL - CUMULATIVE VALUE OF ROUNDS OVER \$50M



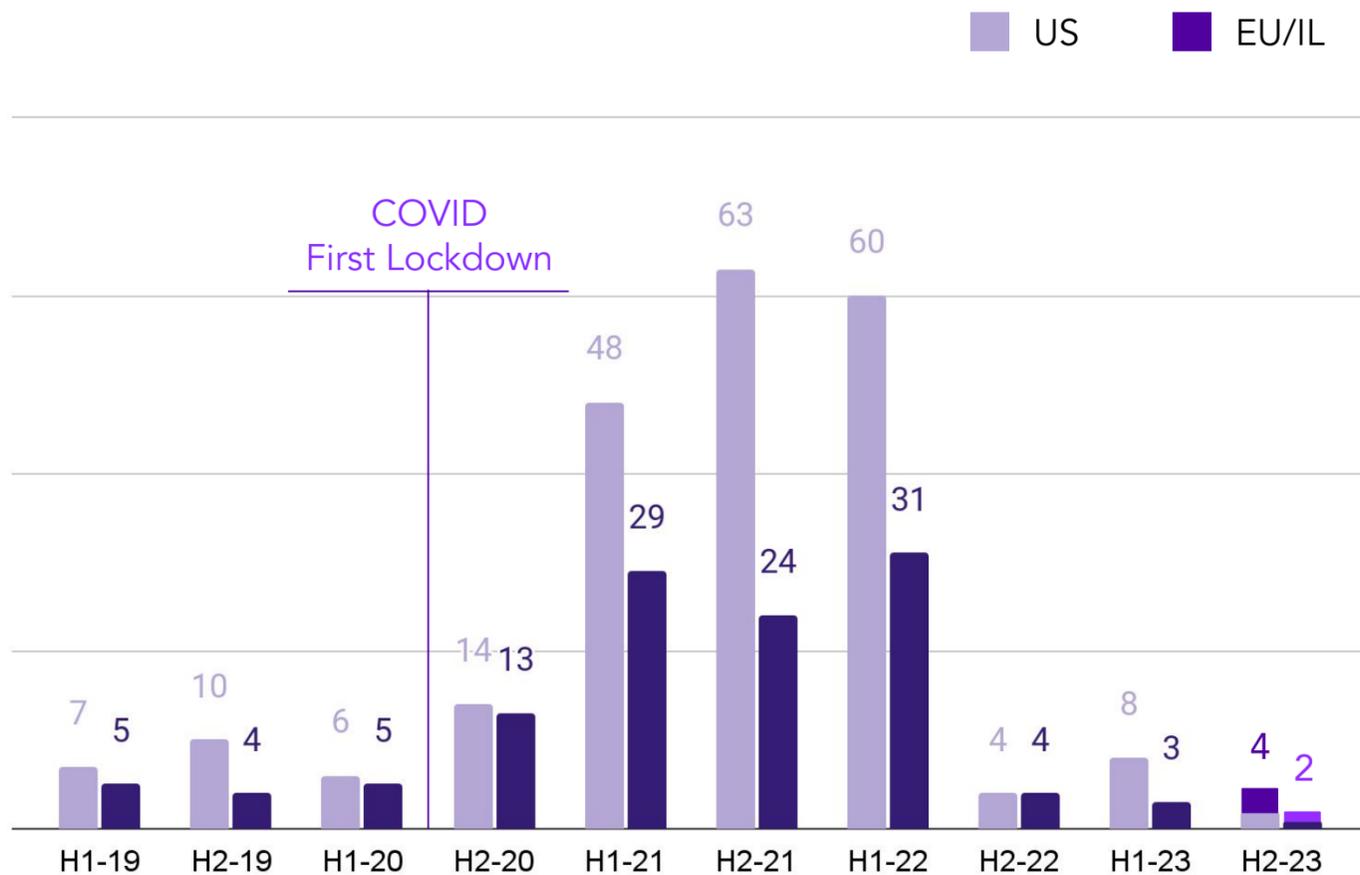
Europe/Israel still above pre-COVID levels in terms of overall share of US venture financing

TOTAL EU/IL VENTURE CAPITAL IN SAAS/CLOUD (% OF US SAAS/CLOUD VC)



Unicorn creation tracing pre-COVID levels — Gen AI major driver of new unicorns

NEW CLOUD/SAAS UNICORNS OVER TIME



~45% new LTM unicorns in EU/IL Gen AI vs. ~75% in US

60%+ of LTM new unicorns are Gen AI native

New Gen AI Unicorns

EUROPE / ISRAEL

Synthesia **AI21labs** **stability.ai**

UNITED STATES

ANTHROPIC **CoreWeave** **runway**

replit **character.ai** **Typeface**

ADEPT **Jasper** **imbue**

What about down rounds 🤔

— looking back at the 2022 Euroscape Unicorn health check

2022 EUROSCAPE - UNICORN PREDICTION

HEALTH CHECK

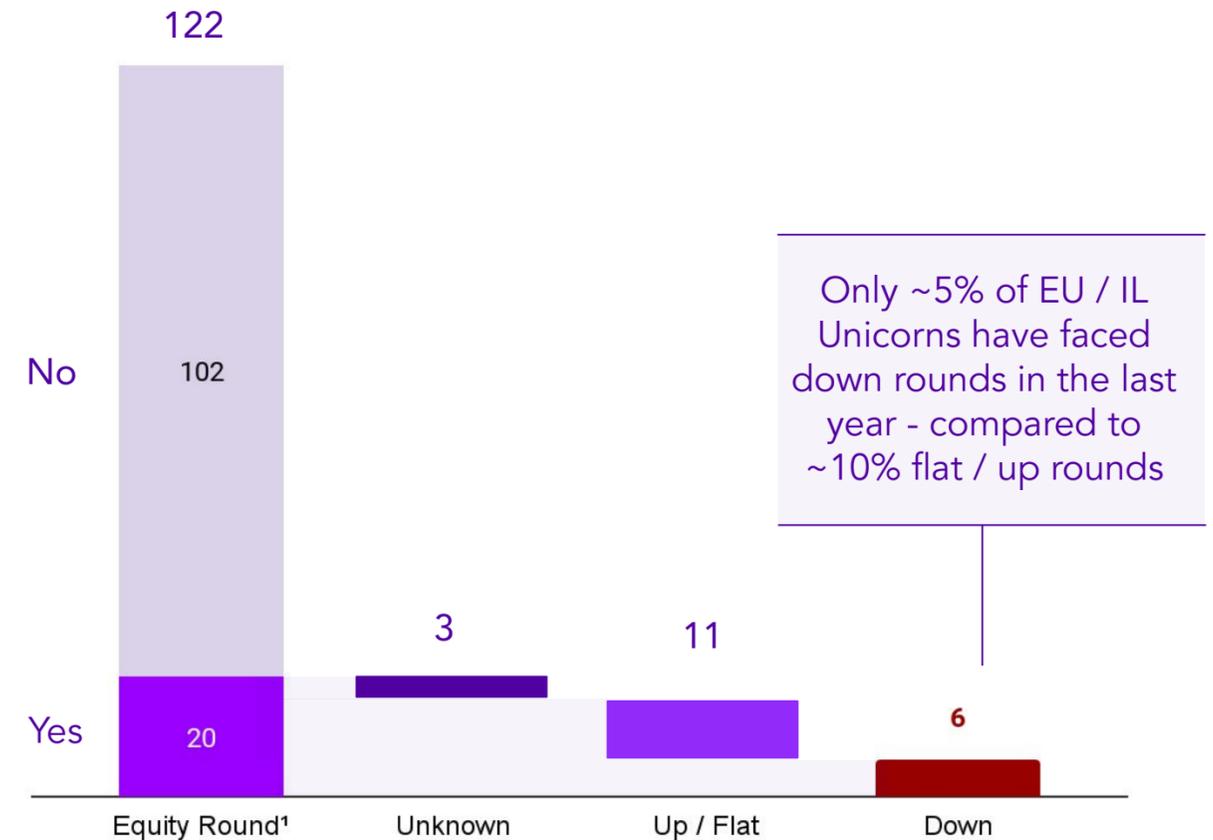
Prediction - Flat rounds likely, up rounds challenging

	\$0 - 50M	\$50 - 100M	\$100 - 150M	\$150 - 200M	\$200 - 250M
Valuation	\$1.25B	\$1.50B	\$2.62B	\$2.13B	\$3.00B
Current ARR	\$25M	\$75M	\$125M	\$175M	\$225M
Estimated Cash Balance	\$123M	\$147M	\$283M	\$250M	\$300M
ARR Multiple (Next Round)	10x	10x	10x	10x	10x
ARR Required for 'Flat Round'	\$125M	\$150M	\$262M	\$213M	\$300M
ARR Gap	\$100M	\$75M	\$137M	\$38M	\$75M
Burn Multiple for 'Flat Round'	1.2x <i>Not so easy</i>	2.0x	2.1x	6.7x <i>Likely</i>	4.0x
Burn Multiple for 2X mark-up	0.5x	0.7x	0.7x	1.0x <i>Challenging</i>	0.8x

Accel Euroscape 2022 Sources: Accel Analysis, Dealroom, Pitchbook, CB Insights 33

Analysis of cash raised and burn rate led Accel forecast; few up rounds with flat rounds being more probable

EUROPE & ISRAEL - UNICORN FUNDING - LTM



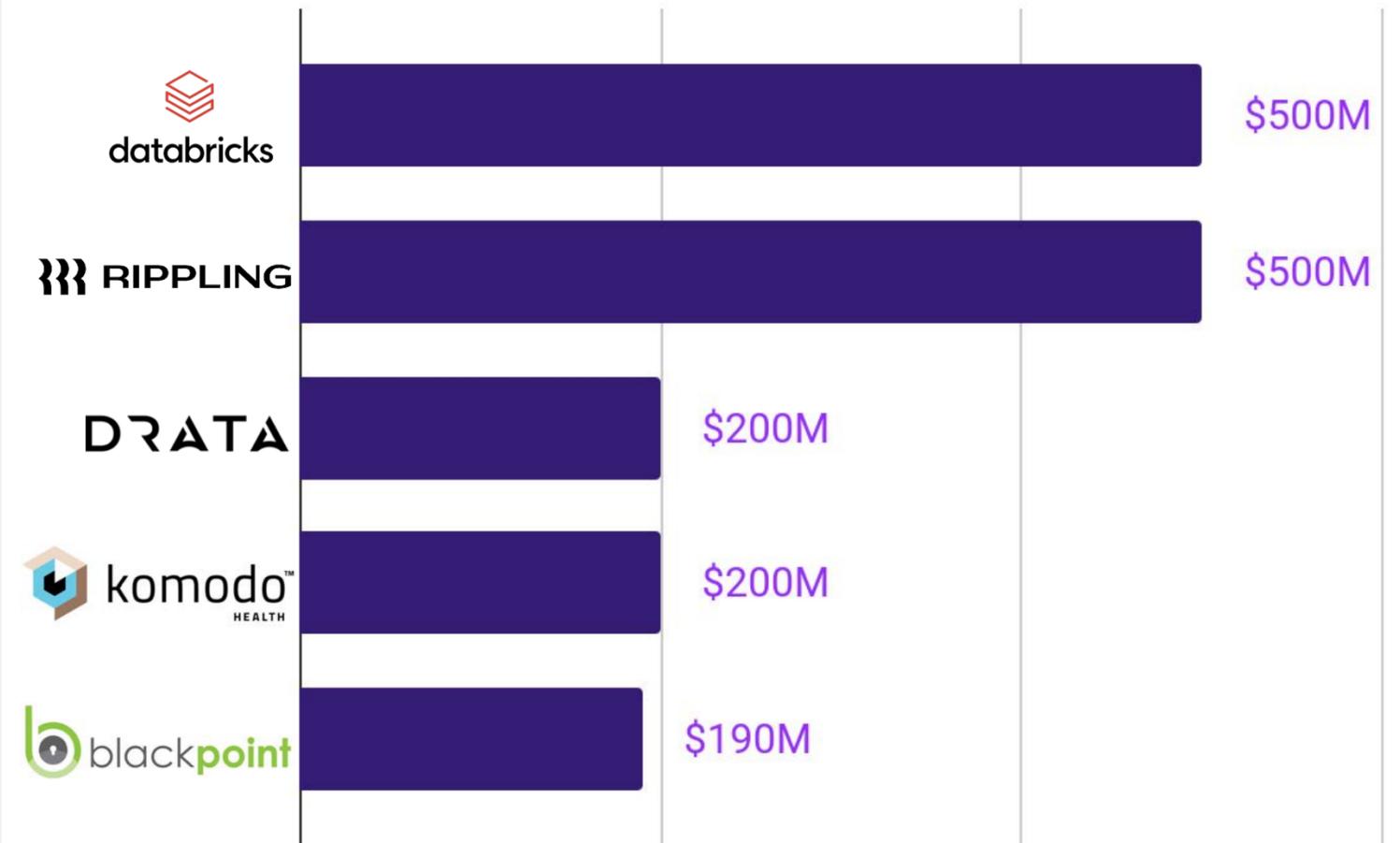
What about up rounds 🤔

— Largest non-Gen AI deals at similar scale across US and EU/IL...

EUROPE & ISRAEL - LARGEST PRIVATE NON-GEN AI ROUNDS LTM



UNITED STATES - LARGEST PRIVATE NON-GEN AI ROUNDS LTM



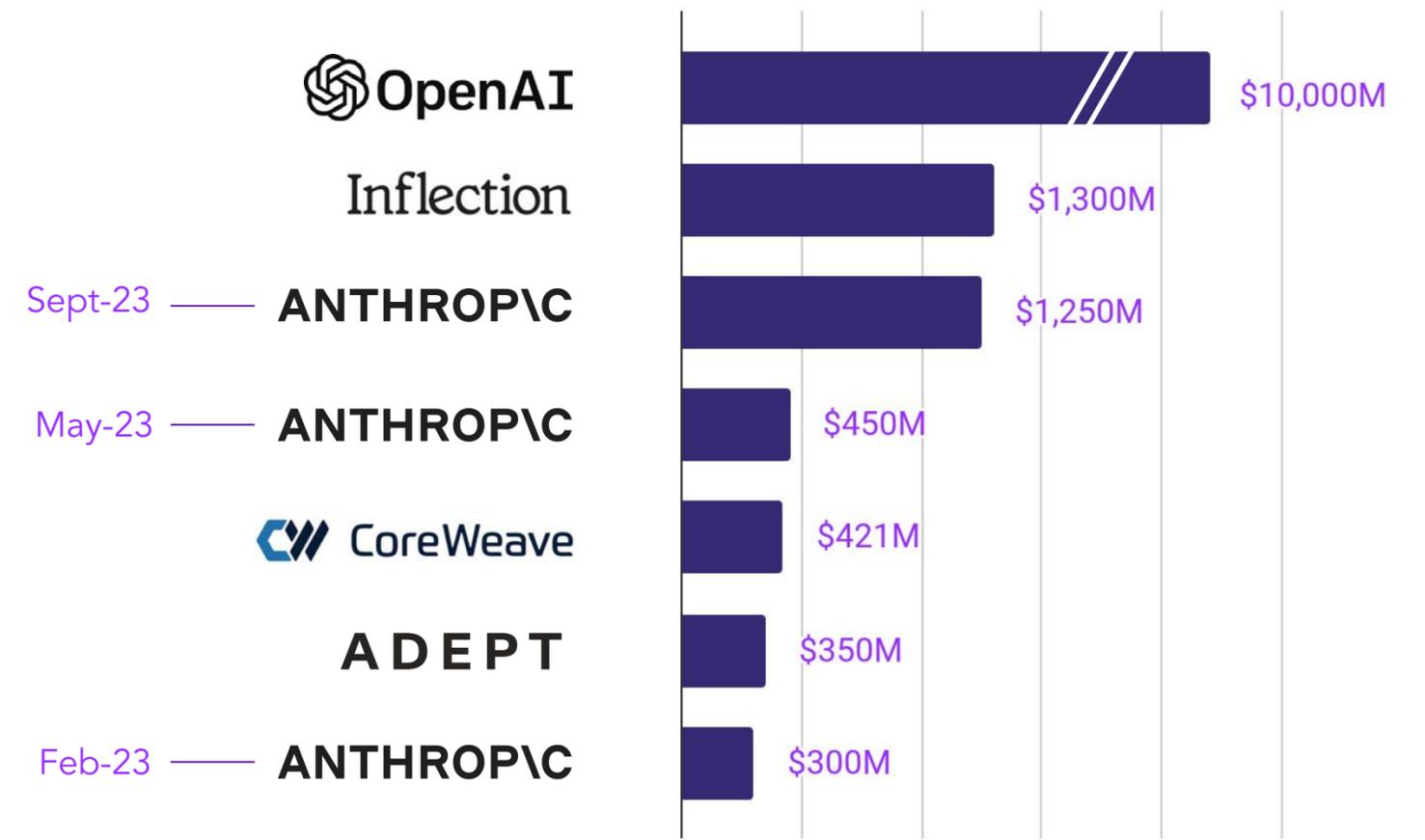
...while largest Gen AI rounds dominated by US foundational models

EUROPE & ISRAEL - LARGEST GEN AI PRIVATE ROUNDS LTM



Total: \$0.9B

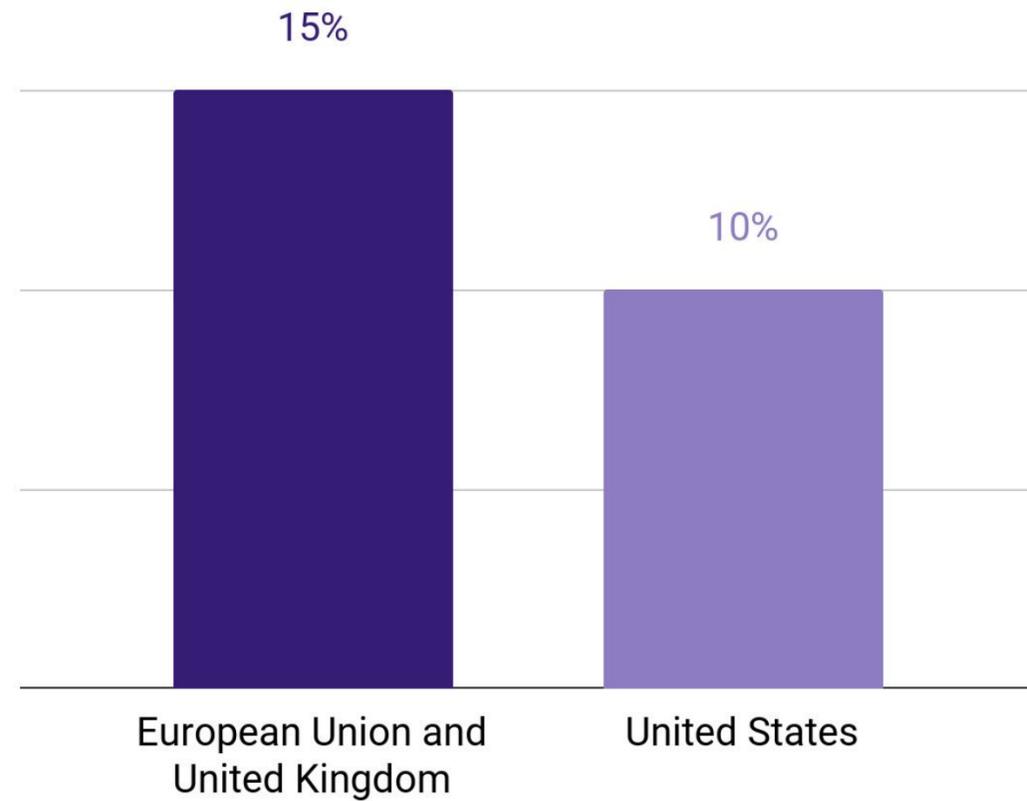
UNITED STATES - LARGEST GEN AI PRIVATE ROUNDS LTM



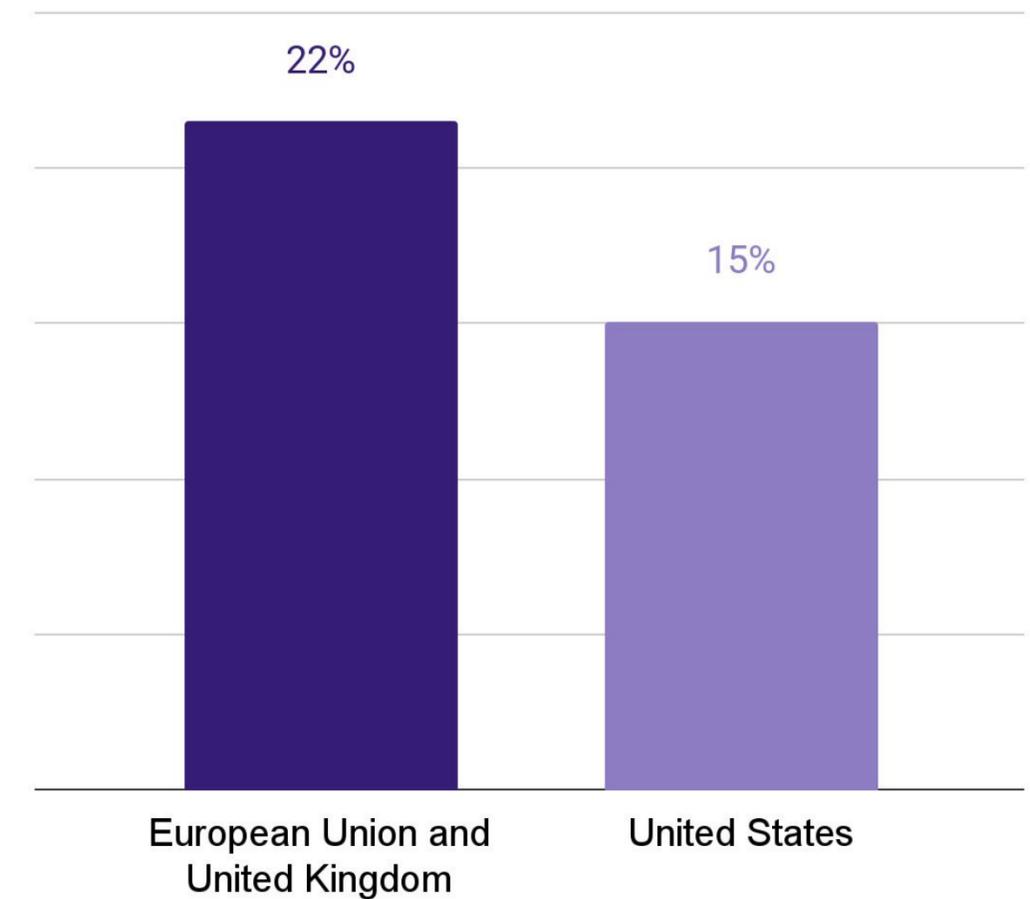
Total: \$14.1B

Can Europe/Israel catch up in the global AI race? — EU talent producing 50% more AI publications than the US

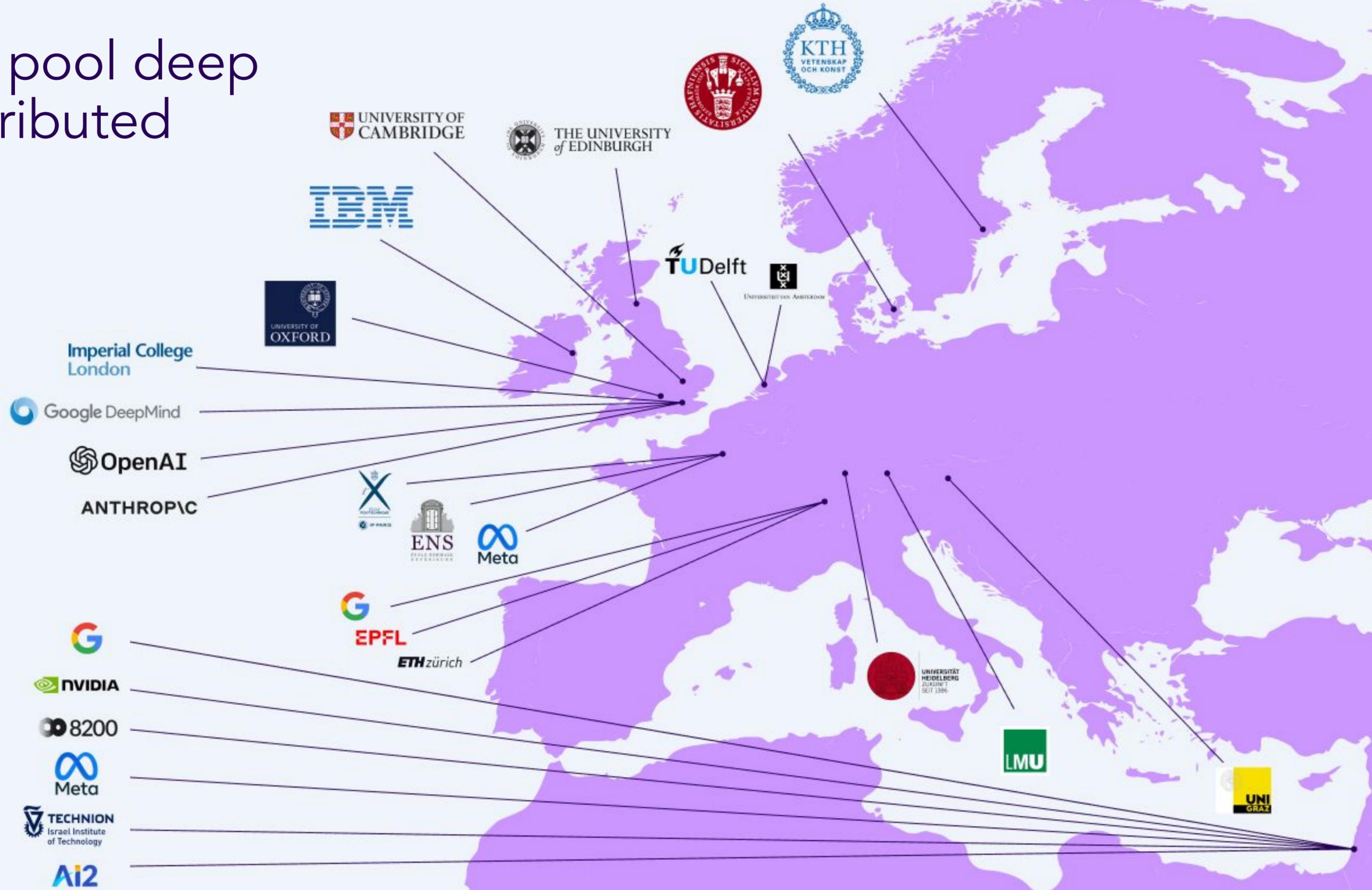
AI JOURNAL PUBLICATIONS (% OF WORLD TOTAL), 2021



AI JOURNAL CITATIONS (% OF WORLD TOTAL), 2021



EU/IL AI talent pool deep and highly distributed



Source: Accel Analysis

Promising European & Israeli companies across the Gen AI stack

Applications



Infrastructure



Foundational Models





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2023 EUROSCAPE

WHAT'S NEXT

APPENDIX

2023 Accel Euroscape

WHO?

2,200+
EU & ISRAEL BORN SAAS COMPANIES

25+
COUNTRIES

HOW?

- Market Attractiveness
- Competitive Differentiation
- Product
- Team Strength
- Momentum (ARR, FTEs)
- Customer Feedback

First - Congratulations to last year's graduates!

New Unicorns



Acquired



Accel 2023 Euroscape

Top 100 EU & Israel cloud companies valued at less than \$1bn

SALES / SUPPORT

dealhub Walnut.
stonly

E-COMMERCE / MARKETING

charles PlayPlay
finaloop sendcloud
channelengine

PRODUCTIVITY / COLLABORATION

Shapr3D gravity sketch
element VEED.IO
Mentimeter RIVERSIDE
Proton Mail

FINANCE / HR / LEGAL

CAUSAL m3ter gloat
pennylane Ledgy soldo
Quantive Leapsome Pigment
localyze skello

COMPLIANCE

ContractPodAI fonoa
TAXDOO

BLOCKCHAIN / CRYPTO

tenderly Kaiko
nansen BCB GROUP

VERTICAL SAAS

AKUR8 MEWS
LENUS katana
tacto

DATA / BI / ANALYTICS

Qwak tinybird Rivery lifebit SUPERMETRICS datagen Y42 incident.io Coralogix viso.ai manta ROSSUM

AUTOMATION

BRYTER xentral datasnipper Genesis raft softtr

PAYMENTS / BANKING INFRA

SWAN wetravel Primer FLOWX.AI MESH FORM3 kevin. AGICAP

DEVELOPERS / INFRASTRUCTURE

konduktor Better Stack frontegg maze Checkly komodor bitrise leapwork lokalise Zesty salto Raycast storyblok

SECURITY

TESSIAN CYCOGNITO cyera tines Guardio SILVERFORT AKEYLESS Hunters. eye cocode callsign

GENERATIVE AI

ALEPH ALPHA Weaviate run:ai deepset Humanloop RASA MistralAI IIElevenLabs AutogenAI PhotoRoom Corti Kittl Robin

Notes: Excludes companies under \$1M revenue

2023 Accel Euroscape — At a glance

~17,200
EMPLOYEES

\$7.6B
TOTAL FUNDING

23
COUNTRIES

\$19.5M
AVG. SERIES A FUNDING

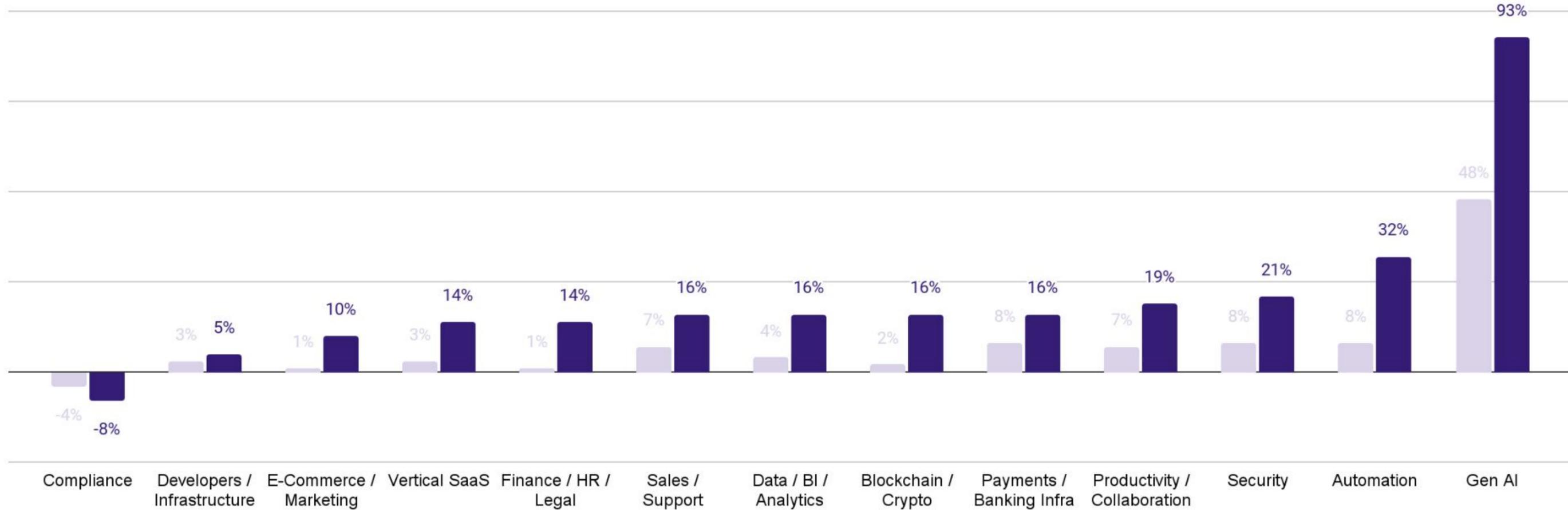
\$81.3M
AVERAGE FUNDING

24%
LTM FTE GROWTH

Gen AI standing out in terms of hiring velocity

GROWTH BY CATEGORY - GROWTH (%)

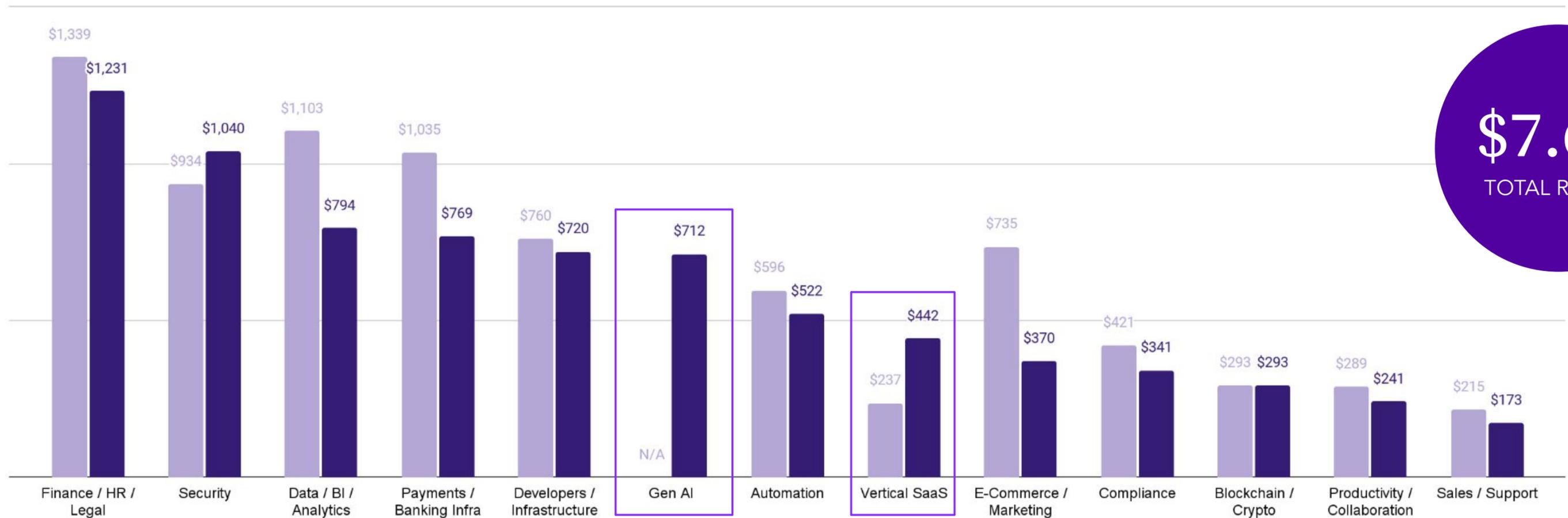
Last 6 Months Last 12 Months



Euroscap winners raised \$7.6B; — Gen AI and Vertical SaaS seeing largest increase vs. last year

FUNDING BY CATEGORY (\$M)

2022 2023

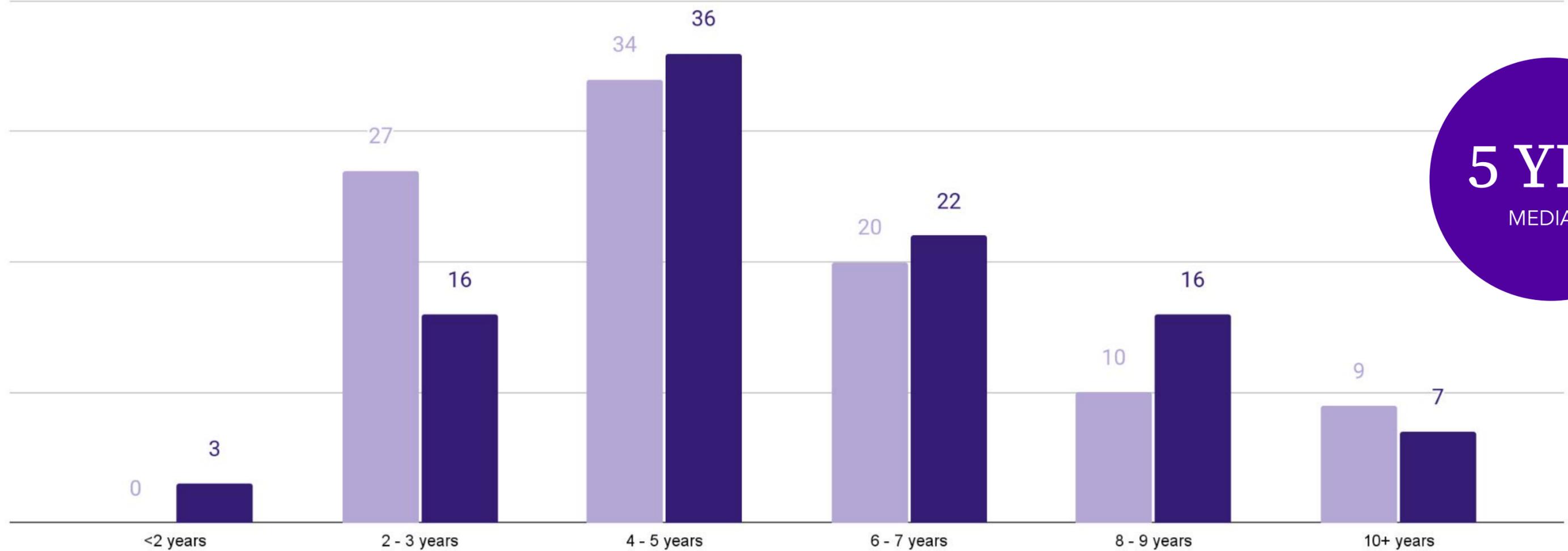


\$7.6B
TOTAL RAISED

Most winners founded 4-5 years ago...

YEARS FROM FOUNDING

2022 2023

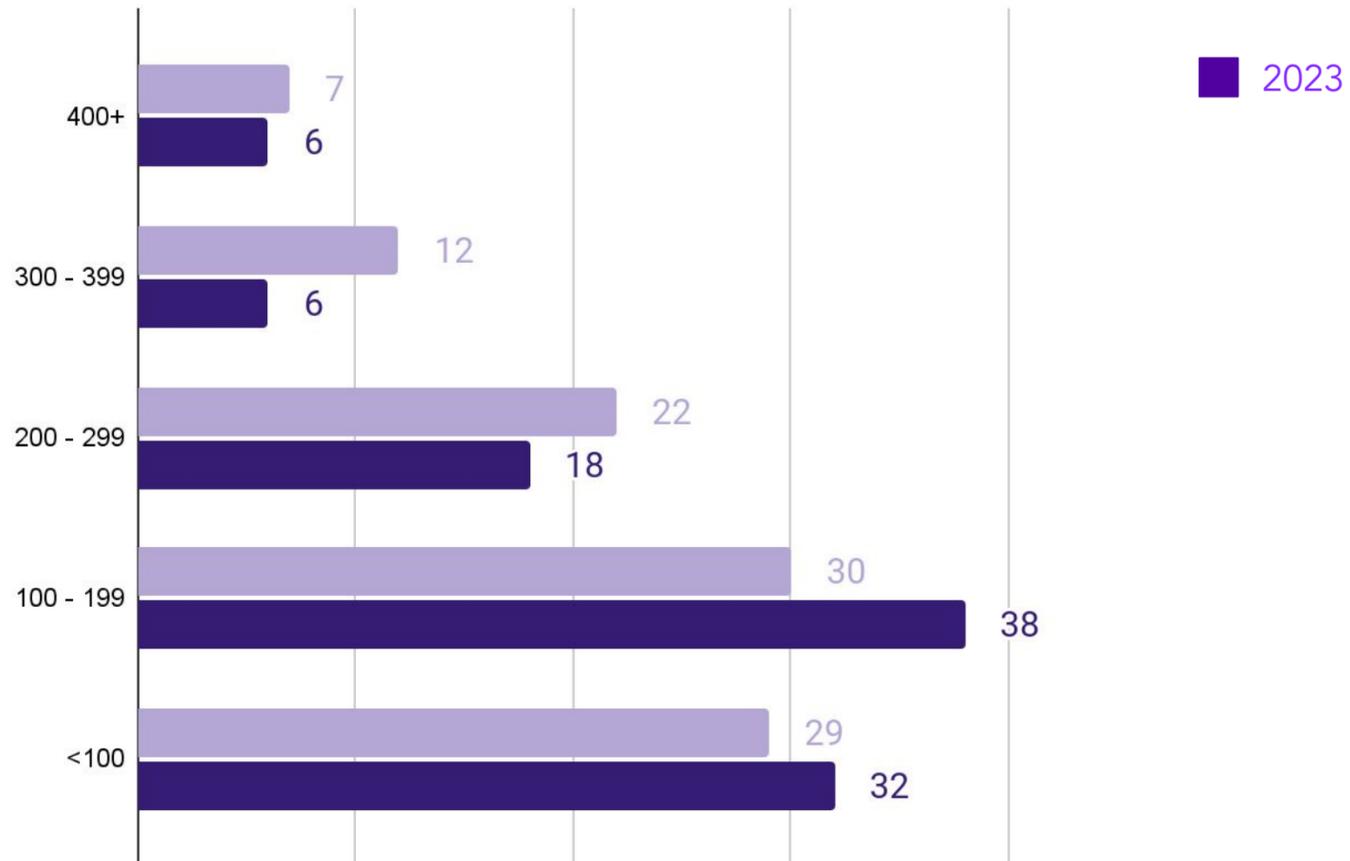


5 YRS
MEDIAN

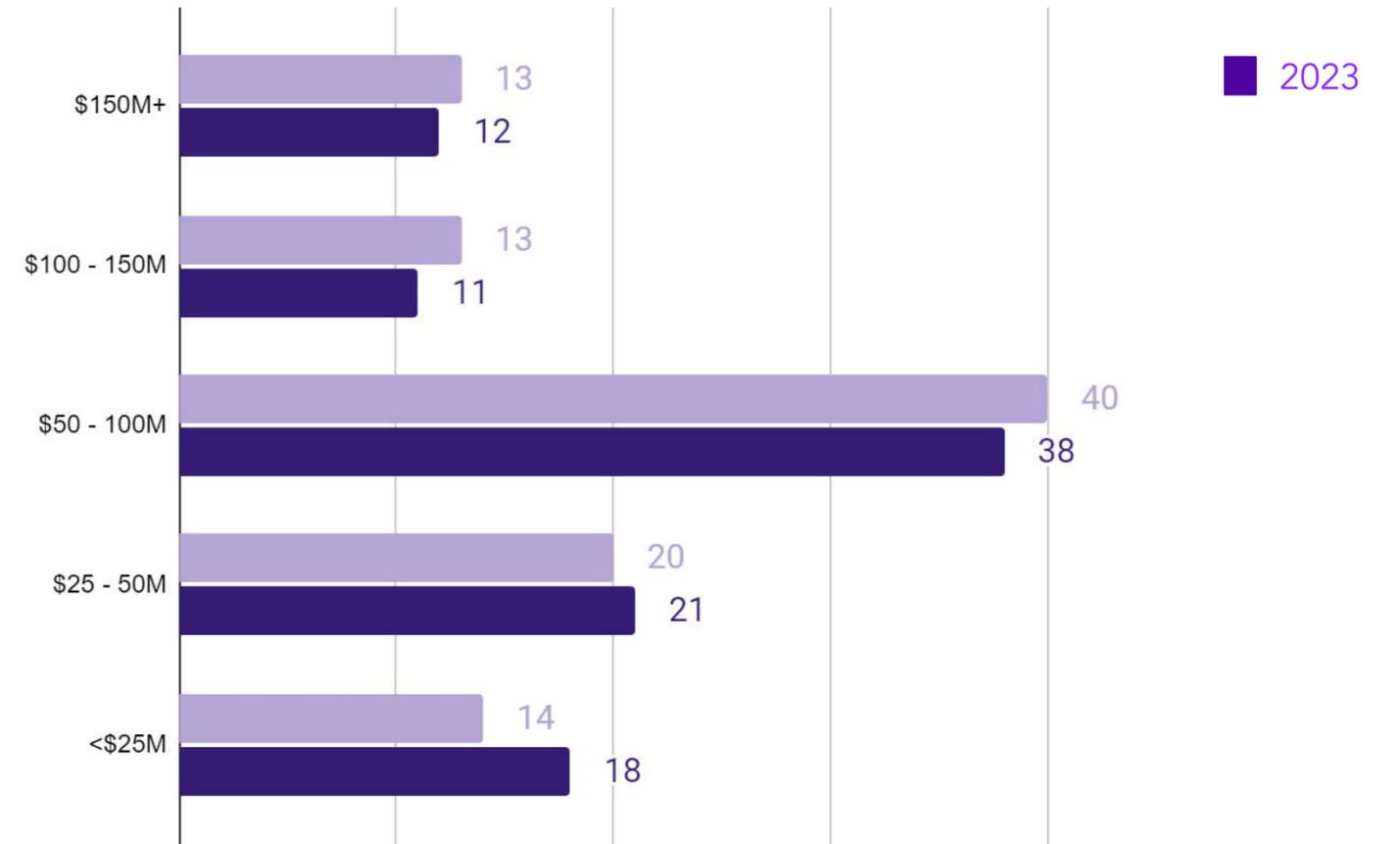
Winners showing lower employee count and financing than in 2022

NUMBER OF COMPANIES BY CATEGORY

NUMBER OF EMPLOYEES



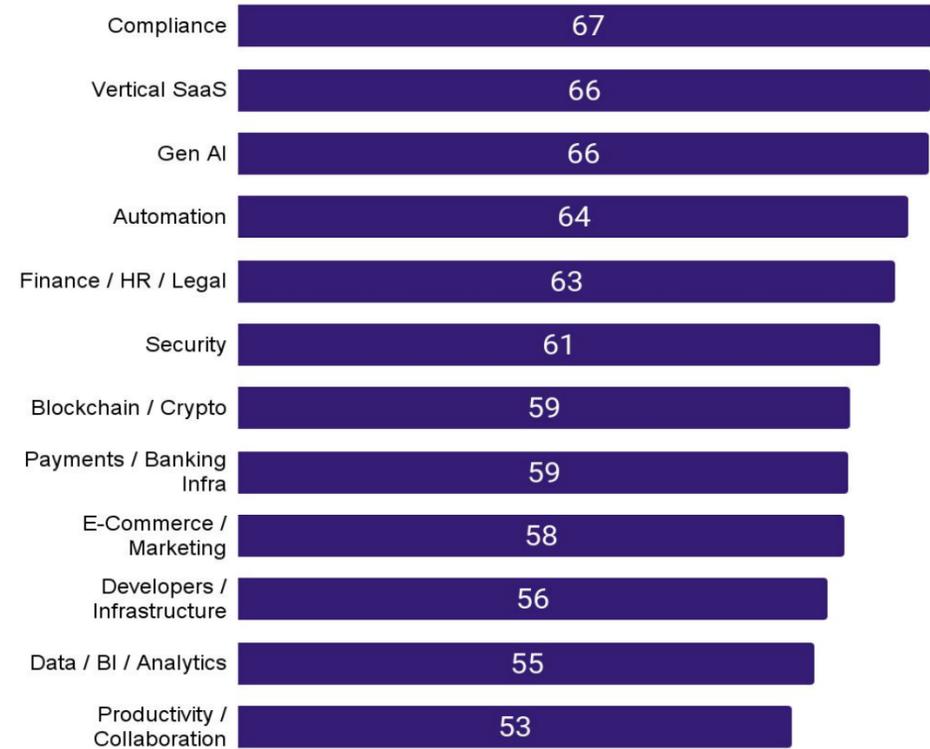
CAPITAL RAISED



G2 Score: Winners have deep customer focus

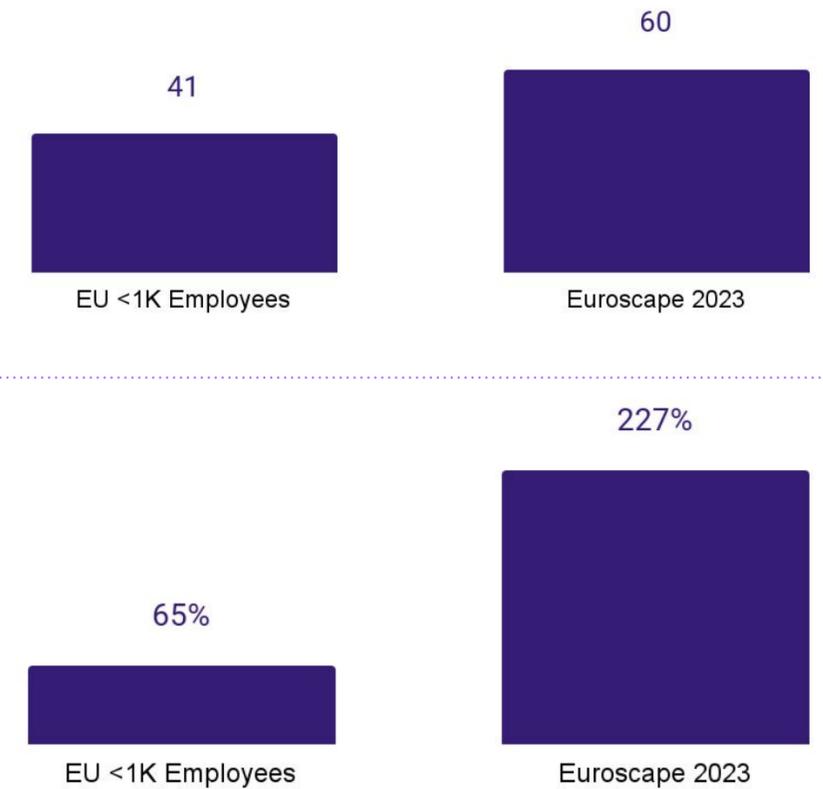


Score by Category



Score & Review Growth

G2 Average Score and Growth



INTRODUCTION

MARKET UPDATE

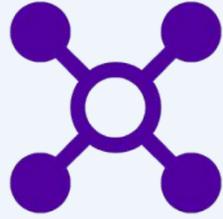
2023 EUROScape

4

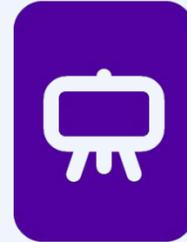
WHAT'S NEXT

APPENDIX

What's Next?



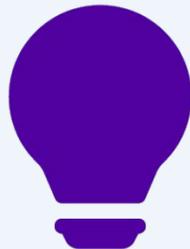
EMERGENCE OF SPECIALISED
GEN AI APPLICATIONS



EVERYONE CAN BE AN ARTIST:
GEN AI POWERED MEDIA CREATION
BECOMING UBIQUITOUS



EMERGENCE OF GEN AI-NATIVE
TOOLING & INFRASTRUCTURE



INTELLIGENT AUTOMATION
SUPERCHARGING ENTERPRISES



ENTERPRISES TRANSITIONING TO
THE MODERN DATA STACK



NON-HUMAN IDENTITY, DATA &
APPLICATIONS AS THE NEXT
CYBER SECURITY FRONTIERS

Emergence of specialised Gen AI applications

- Generative AI unlocking new verticalised applications built with smaller & dedicated models and industry specific workflows
- Vertical AI applications leverage large amounts of domain specific data in order to tune and adapt underlying foundational models to better serve specific use-cases.
- Application quality is rapidly evolving due to ever increasing access to data and through reinforcement learning from human feedback
- Key areas for specialisation include legal, healthcare and drug discovery

Harvey.

Ironclad

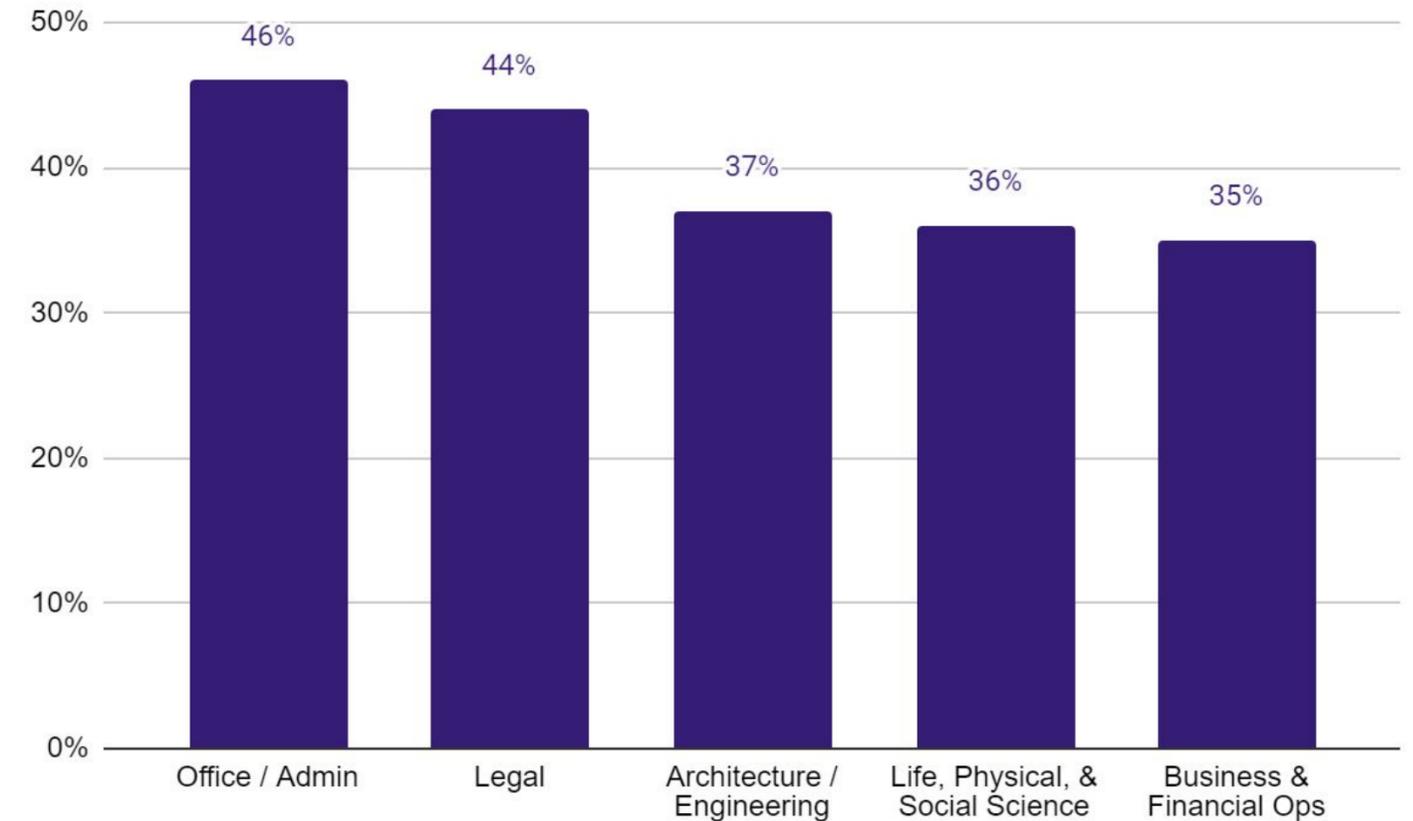
Hippocratic AI
— Do No Harm —

Robin

Nabla

TOP INDUSTRIES AFFECTED BY AUTOMATION VIA AI

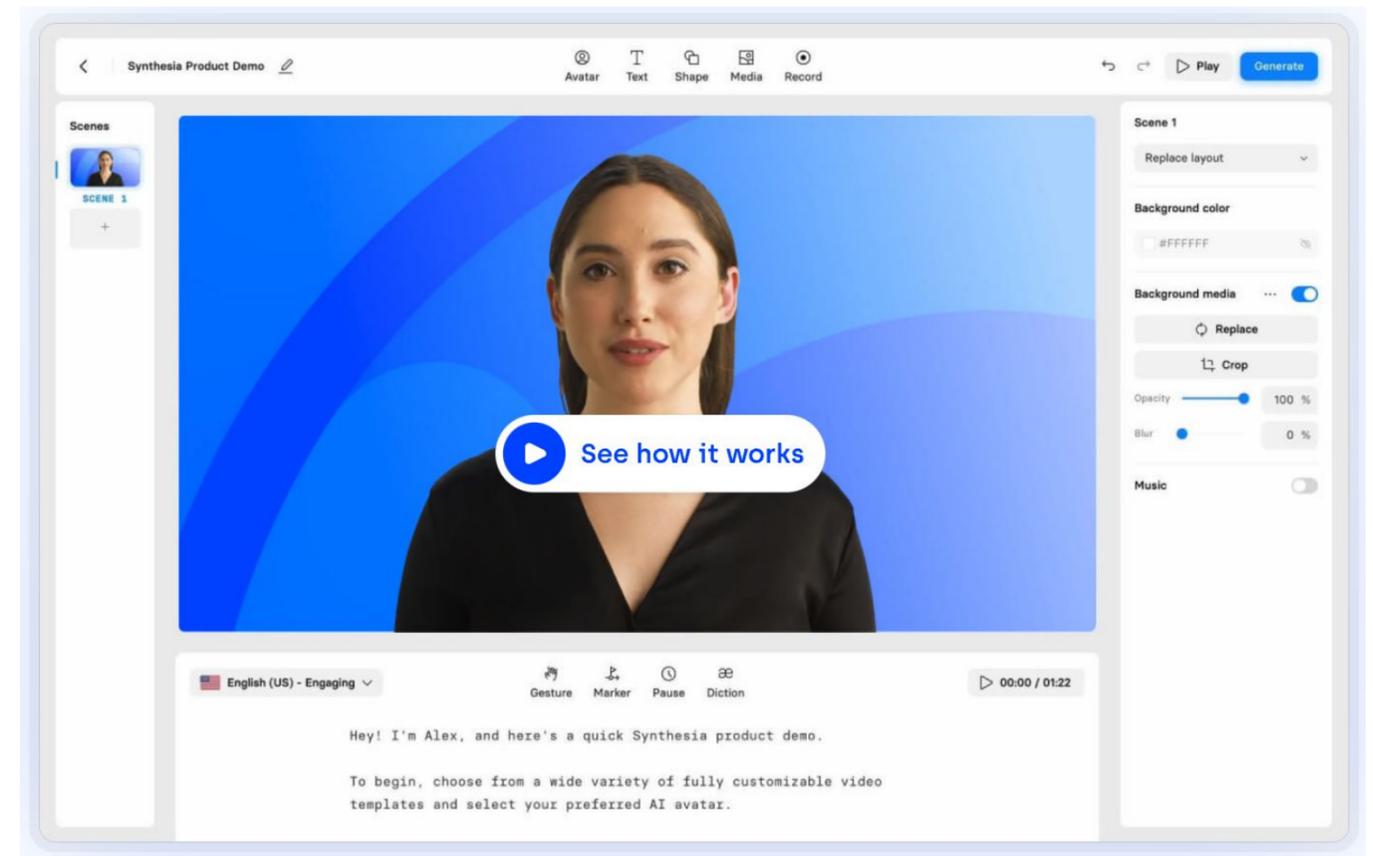
Share of Industry Employment Exposed to AI (US)



Everyone can be an artist — Gen AI powered media creation becoming ubiquitous

- Generative AI lowering the bar to create highly realistic content (Video, Images, Speech) using a simple text editor
- Increasing range of use-cases from synthetic video and voice to personalised avatars and computer generated images
- Real time content creation emerging to unlock deep level of personalisation for both creative and business applications use-cases
- Performance of underlying models rapidly evolving as transformer model architecture enables step change in AI

SAMPLE GEN AI USE-CASES



stability.ai

Eleven
Labs

runway

Synthesia

Midjourney

PhotoRoom

Emergence of Gen AI-native tooling & infrastructure

- With the explosion of Generative AI applications and use-cases, start-ups and enterprises alike are turning to Gen AI-specific tooling / infrastructure for LLMs
- LLM developers are demanding new tools across the entire stack - from monitoring and observability to model tuning and databases
- Open source becoming an integral part of emerging Generative AI tooling / infrastructure stack



MARKET SEGMENTATION

Monitoring & Observability

Developer Tools

Model Tuning

Compute & Inference

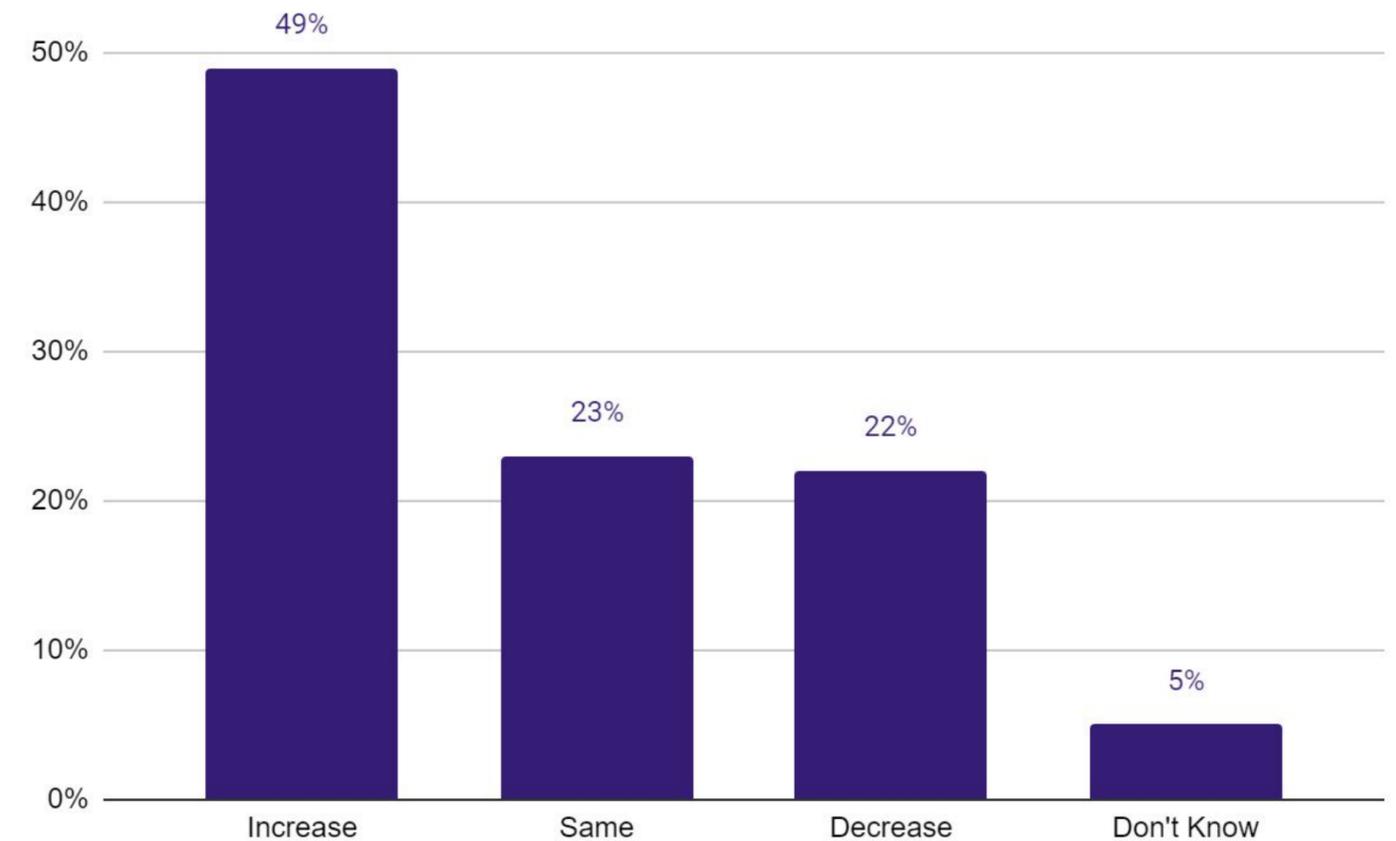
Foundational Models

Intelligent automation supercharging enterprises

- AI is expanding the potential of automation to address more complex business problems
- Incumbent leaders like Microsoft, UiPath, ServiceNow, and Celonis are leveraging proprietary AI and 3rd party LLMs to address a broader range of enterprise use-cases (e.g. content creation, text-to-code, document handling, communications mining, and process mining)
- New generation of Gen AI native players building intelligent automation tools that businesses can interact with via natural language



2023 IT LEADERS SURVEY: DO YOU EXPECT YOUR BUDGET FOR INTELLIGENT AUTOMATION TO INCREASE OVER THE NEXT YEAR?



Enterprises transitioning to the modern data stack

- A critical mass of enterprises are moving to cloud data infrastructure with ~50% of enterprise workflows now happening in the cloud driving growth in the tooling and infrastructure supporting the transition
- Modern data stack emerging with 'best-in-breed' tools in areas such transformation, data warehousing, governance & data quality, and BI tooling
- Data structures increasingly in focus as companies explore new AI use-cases

 Lightdash

 dbt

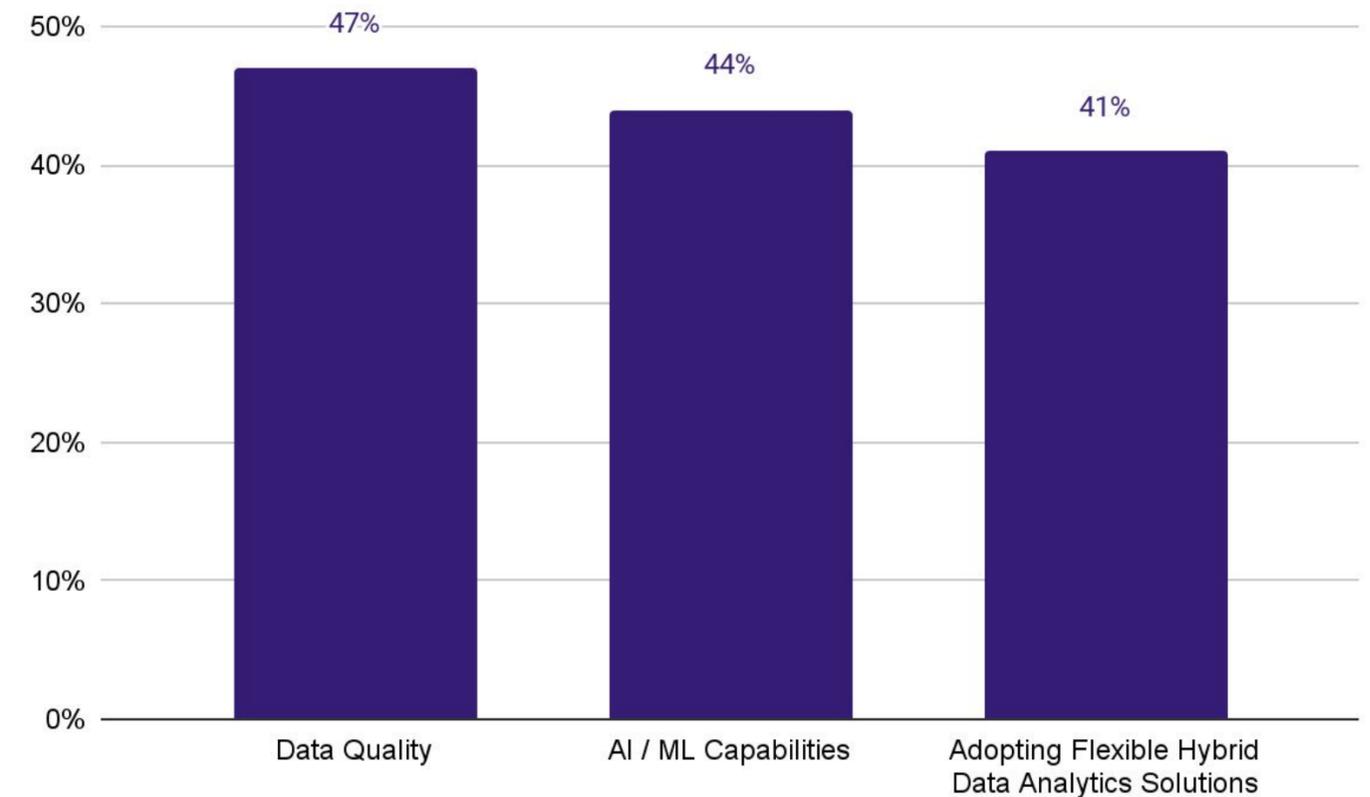
 databricks

 Airbyte

 MONTE CARLO

 conduktor

IT LEADERS DATA PRIORITIES - 2023

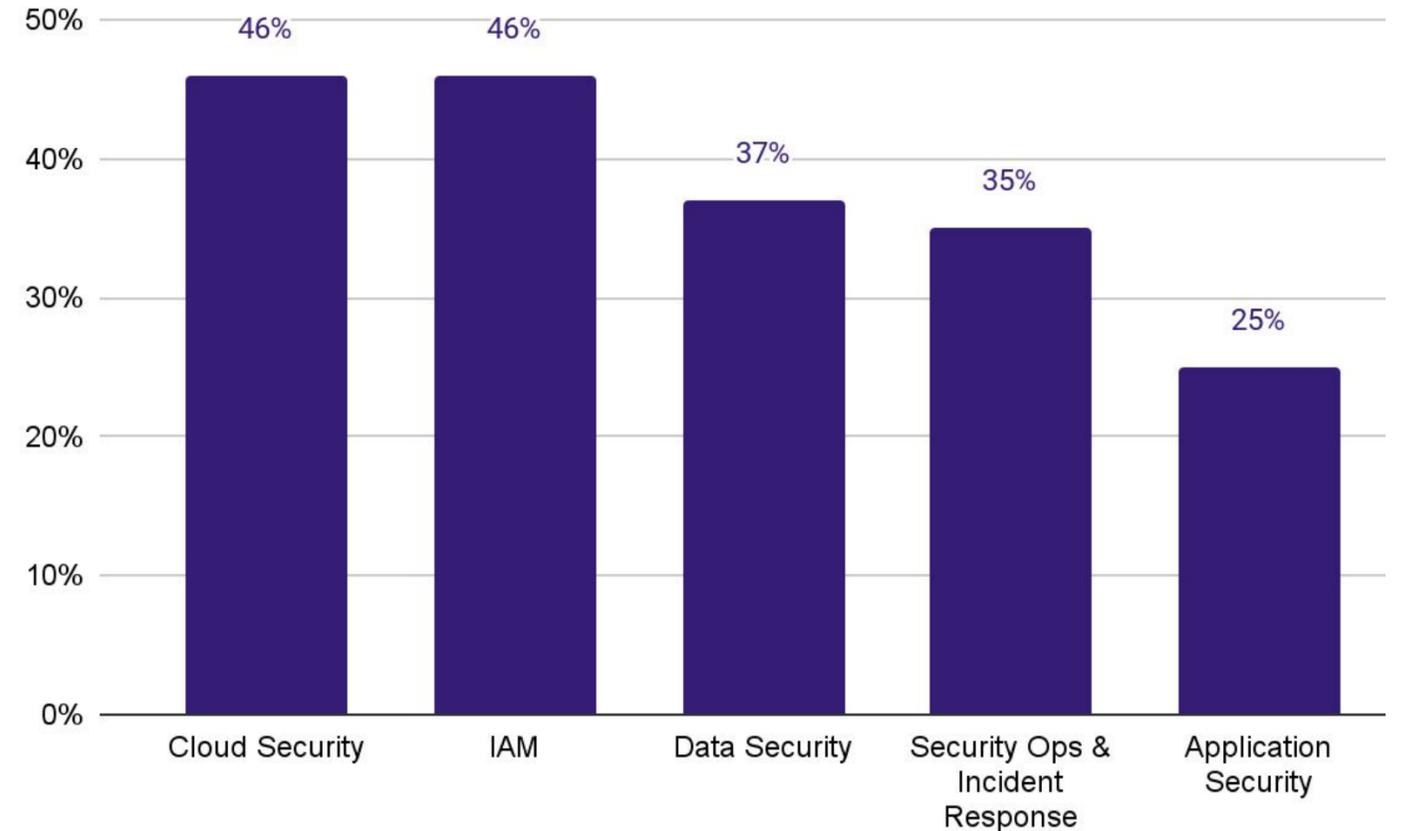


Non-Human Identity, Data & Applications as the next cyber security frontiers

- Cloud adoption continues to grow with AWS, Google Cloud and Microsoft Cloud now representing a combined >\$200B of run-rate revenue
- Cloud requires a new breed of tools to manage security risks across infrastructure, identity, application and data. While most CISOs now have infrastructure and identity solutions in place, many are yet to focus on applications, development pipeline and data landscape
- We expect enterprises continue to expand application security across the org, and to seek out tools that provide visibility on how their data is stored and whether it is at risk



CISO 2023 SURVEY: BUDGET LINE EXPANSION EXPECTATIONS





INTRODUCTION

MARKET UPDATE

2023 EUROScape

WHAT'S NEXT

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APPENDIX

List of companies in Accel Euroscape Index

Global Accel Euroscape Index - Currently Listed Companies

EU & Israel Accel Euroscape Index

Jfrog	Israel
Monday	Israel
SentinelOne	Israel
Wix.com	Israel
Elastic	Netherlands
UiPath	Romania
GitLab	Ukraine

US Accel Euroscape Index

8x8	CrowdStrike	Olo	Square
Adobe	CS Disco	Palantir	SquareSpace
Amplitude	Datadog	Paycom	Tenable
AppFolio	Definitive Healthcare	Paylocity	Toast
Asana	Digital Ocean	Paypal	Twilio
AvidXChange	Docusign	Procore	Veeva
BigCommerce	Domo	Q2 Holdings	Weave
Bill.com	Dropbox	Qualys	Workday
Blackline	Everbridge	RingCentral	Workiva
Box	Fastly	salesforce.com	Yext
Braze	HubSpot	ServiceNow	Zoom Info
C3	MongoDB	Smartsheet	Zoom
Clearwater	Ncino	Snowflake	Zscaler
Cloudflare	New Relic	Sprinklr	Zuora
Confluent	Okta	Sprout Social	

Accel
**Euroscape
2023**

Thank you!

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