BI-ANNUAL OBSERVER FOR LEADERS IN TECH

N°02
H1 2024

Perspectives

THOUGHT LEADERSHIP
Hot topics from founders & investors for H1 2024

2024 TRENDS OBSERVATORY
What CEOs will do in 2024

CLOUD & DEEP TECH FORUMS
CEOs and VCs on how the next 6 months will look like

PANEL TALK
Pitfalls to avoid when moving upmarket

24 Authors

PERSPECTIVES MAGAZINE
BY **ATSCALE**

McKEE

Perspectives
by atscale

FOREWORD

Welcome to Perspectives, a bi-annual observer for leaders in tech.

In 2023, Atscale launched Perspectives to offer 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 #2, you will discover insights tailored specifically for the first semester of 2024, designed to help you stay in tune with the pulse of what lies ahead in the short term.

Starting from this second edition, we have decided to partner with Singulart, the online art curator and dealer. We wanted to go beyond words and transpose the state of the technology and cloud industry into feelings and emotions represented by artworks. So, by looking at the cover of each edition of Perspectives, we, the readers, will be able one day to look back in time and understand in which shape our industry was each and every semester.

We extend our gratitude to our esteemed authors for their invaluable contributions, as well as to the participants of the trend observatory research — a new addition premiering in this release.

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

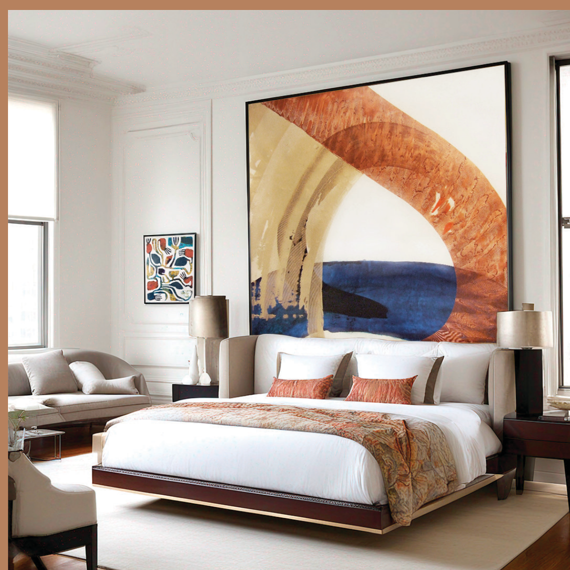
Sincerely,
Atscale
perspectives@at-scale.co

JOIN OUR TREND OBSERVER

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

SINGULART

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

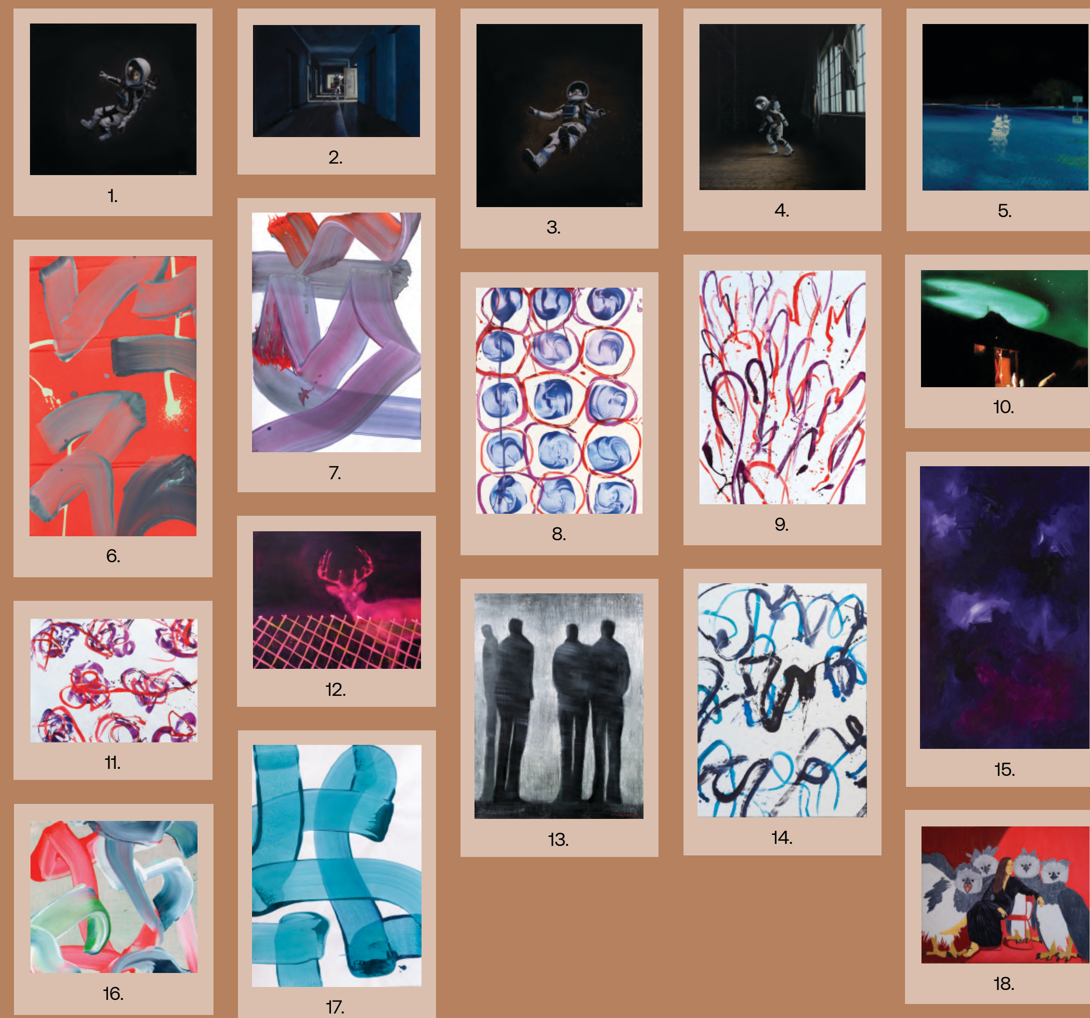


Singulart is the leading online art gallery, a global hub connecting art lovers with diverse, emerging, and established artists.

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.

PURCHASE THE ARTWORKS FROM THIS EDITION



1.
Recalibration
By CASEY MCKEE
Oil on canvas, 2020

2.
Somnambulist
By CASEY MCKEE
Oil on canvas, 2020

3.
Void
By CASEY MCKEE
Oil on canvas, 2020

4.
Ganzfeld
By CASEY MCKEE
Oil on canvas, 2023

5.
El holandés errante
By ARTURO PRINS
Oil on canvas, 2009

6.
Namibie rouge 1
By HÉLÈNE JACQZ
Acrylic on paper, 2016

7.
Suite simple 6
By HÉLÈNE JACQZ
Acrylic, pigments on Paper, 2016

8.
Ritournelle 1
By HÉLÈNE JACQZ
Acrylic, India Ink on paper, 2018

9.
Polka 2
By HÉLÈNE JACQZ
Acrylic, India Ink on paper, 2018

10.
Northern lights
By ARTURO PRINS
Oil on canvas, 2004

11.
Girandole 3
By HÉLÈNE JACQZ
Acrylic, India Ink on paper, 2018

12.
Rose Deer
By ANNE BRENNER
Oil on linen, 2017

13.
Dans le bois
By MARGARITA LYPIRIDOU
Acrylic, Charcoal on canvas, 2012

14.
Gambade
By HÉLÈNE JACQZ
Acrylic, India Ink on paper, 2018

15.
Purple Series #3
By CANDACE WILSON
Oil on canvas, 2018

16.
Dernier givre
By HÉLÈNE JACQZ
Acrylic on wood, 2018

17.
Suite simple turquoise 2
By HÉLÈNE JACQZ
Acrylic, pigments on Paper, 2016

18.
Harpies féroces
By VICTORIA STAGNI
Oil on linen, 2021

MEET THE AUTHORS OF THIS EDITION

In each edition, Perspectives Magazine gathers over 20 esteemed leaders in the tech ecosystem. Meet the authors for the H1 2024 edition.

Stephane
AZAMAR-KRIER
CO-FOUNDER & CEO
ATSCALE

Elina
BERREBI
FOUNDING PARTNER
REVAIA

Gilles
BERTAUX
CO-FOUNDER & CEO
LIVESTORM

Laetitia
CARLE
COO & MD FRANCE
GREENLY

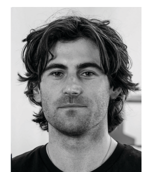
Robin
CHOY
CEO
HIRESWEET

Vincent
COIRIER
CSO
PARTOO

Julien
CREUZE
PARTNER
BLACKFIN CAPITAL

Adrien
HUGON
CO-FOUNDER & CEO
ONEPILOT

Sebastien
JACQUEMOUD
PORTFOLIO OPE-RATIONS DIRECTOR
EXPEDITION
GROWTH CAPITAL



Evan
KERVELLA
CEO
CHIPIRON

Asya
KOTLER
VP OF SALES
ATSCALE

Reinder
LUBBERS
VC INVESTOR
MANAGING FOUNDER
NO SUCH VENTURES

Hedi
MARDISOO
CEO & CO-FOUNDER
CACHET

Thibault
RENOUF
CEO
PARTOO

Laetitia
RIBIER-COSTA
VP OF SALES
ATSCALE

Aubin
RIOUFOL
SALES STRATEGY & OPS
PENNYLANE

Guillaume
ROSTAND
CMO
LILIGO.COM
PRESIDENT FRENCH TECH BARCELONA

Michele
ROZZI
DIRECTOR
PSG EQUITY

Kyle
O'BRIEN
MANAGING PARTNER
UNIT VENTURES

Antoine
SCALIA
FOUNDER
CRYPTIO

Malte
SCHOLZ
CO-FOUNDER,
CEO & CPO
AIRFOCUS

Amaury
SEPULCHRE
FOUNDER
HEXA (EFOUNDERS)

Filip
VAN INNIS
PARTNER
FORTINO CAPITAL

Evelien
VARKEVISSER
VC INVESTOR
PRIME VENTURES

INDEX

Nº 2
H1 2024

10 **A WORD OF INTRODUCTION**
AN OUTLOOK ON H1 2024

by Stephane Azamar-Krier

14 **CLOUD FORUM**
RECOMMENDATIONS FOR H1 2024

from startup founders and VC partners

28 **OBSERVATORY**
TRENDS IN CHARTS

from startup founders & CEOs

34 **DEEP TECH FORUM**
RECOMMENDATIONS FROM DEEP TECH EXPERTS FOR H1 2024

by Kyle O'Brien and Evan Kervella

44 **PANEL TALK**
PITFALLS TO AVOID WHEN GOING UPMARKET

by Stephane Azamar-Krier, Asya Kotler and Laetitia Ribier-Costa

56 **THOUGHT LEADERSHIP**
HOT TOPICS FROM FOUNDERS & INVESTORS FOR H1 2024

by startup founders and VC partners

80 **CASE STUDY**
STRUCTURING THE SALES TEAM OF MODJO

from Atscale's recent engagement with Modjo

86 **ATSCALE HIGHLIGHTS**
UPDATES AND PROJECTS IN FOCUS

PERSPECTIVES

Perspectives is a bi-annual magazine 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.

A WORD OF INTRODUCTION

By STEPHANE AZAMAR-KRIER

2023 ends, for most founders and investors in Europe, with a bittersweet taste. The hopes of improved performance, the big plans, the newly hired CROs, the team motivational speeches, none of that, unfortunately, has beaten the market conditions. Financial plans were missed, big times, by most companies on our old continent.

I have no right not to say that the next year will be harder than the one that has just passed for SMB and mid-market-focused businesses, as recession is coming in 2024 in Europe and eventually in the US. Yet, truly enterprise-focused companies will manage their way out of the storm as their target customers will still consider their services and products as potential levers for growth.

An inch, a 1% improvement for MNC (multinational company), represents millions of dollars, sometimes more. For small and mid-sized companies, though, if products and services do not have a significant impact on their savings or growth, meaning double digits, it will be considered as it is: a nice-to-have.

We're consequently seeing a golden rush from VCs and entrepreneurs to move upmarket. Most, if not all, SMB and mid-market companies now want to build an enterprise sales channel. Somewhat like PLG (product-led growth) was a buzzword 5 to 10 years ago.

Those drastic changes, of course, result in product madness and team disorientation. I tend to consider those attempts like transplanting a porc heart into a man. It is noble, it is courageous, and it is definitely advancing science, but the graft has limited chances to take. The one and only possibility for this move to work is to profoundly change the nature and the DNA of the company, starting with the leadership team. Then, a new product roadmap has to be built and executed, and, ultimately, the sales and account manager team has to be entirely replaced. How many companies will do so? Very few, since most of them tend to underestimate what real-enterprise deals, ranging from $100k to $1M, require.

Hence, for technology and cloud companies, 2024 will be around mutations and survival.

Will founders resist that extreme pressure? It will lead, no doubt, to increased tensions within leadership teams, deviant behaviors of CEOs, micromanagement, and VC-CEO full stop of honeymoon time.

Like in the real-world economy, 2024 tech & cloud survivors will be the ones led by CEOs and co-founders who are exceptional human beings, combining the non-intuitive skills of self-awareness, humility, empathy and obsession to stay on course vs plan.

We need them and can't wait to see them emerge from the crowd.

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

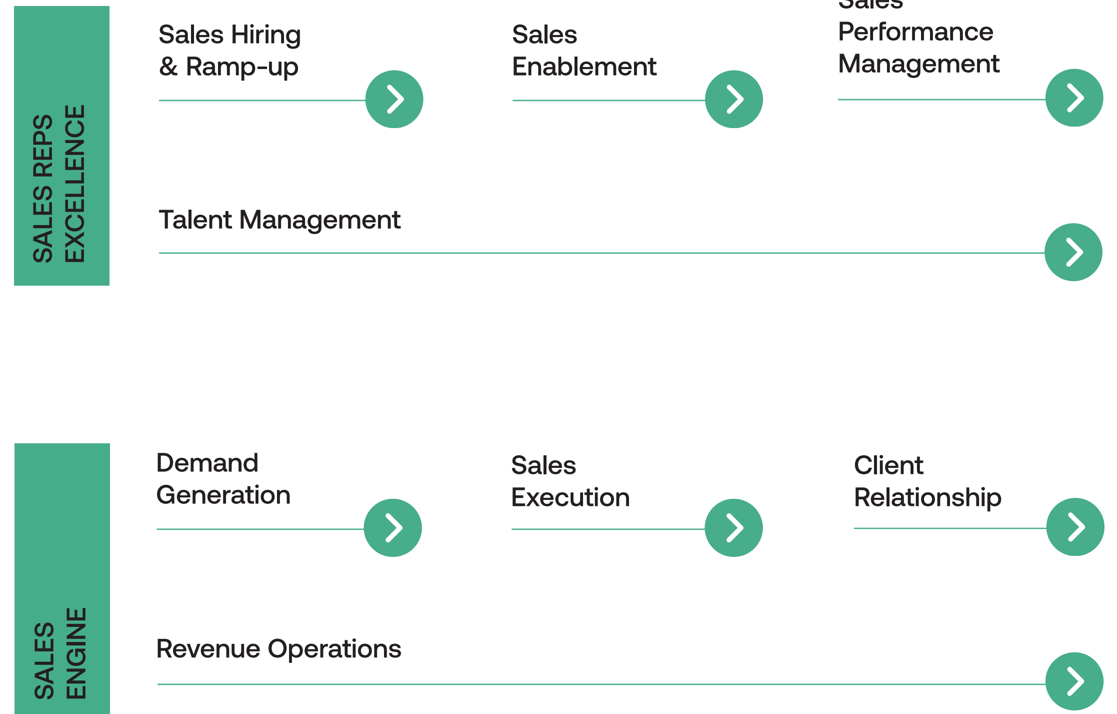
INTRODUCING

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.



CLOUD FORUM

Section

01

Recommendations from startup leaders and VC investors for H1 2024

“WHAT RECOMMENDATIONS CAN YOU GIVE TO STARTUP FOUNDERS FOR H1 2024?”

responses from:

STARTUP FOUNDERS AND EXECUTIVES 16
VC PARTNERS AND INVESTORS 22

H1 2024 — FROM STARTUP LEADERS

Gilles BERTAUX, Livestorm

Hedi MARDISOO, Cachet

Malte SCHOLZ, airfocus

Adrien HUGON, Onepilot

Antoine SCALIA, Cryptio

Robin CHOY, HireSweet

Aubin RIOUFOL, Pennylane

Vincent COIRIER, Partoo

Gilles **BERTAUX**

CO-FOUNDER & CEO LIVESTORM

The tech industry is currently navigating a challenging landscape, with market conditions suggesting that the crisis will persist for at least another two years. Post-crisis, we may also face a period of slower growth. Here are the strategies I would recommend.

Firstly, adopt a leaner approach. Efficiency should be the cornerstone of your business model. This doesn't just mean cutting operating expenses; it extends to optimizing Customer Acquisition Cost (CAC) and Lifetime Value (LTV) as well. Scrutinize every line item and question its necessity. In a constrained environment, every dollar saved is a dollar earned.

Secondly, refine your positioning. The days when tech companies primarily sold to other tech companies are dwindling. It's crucial to carve out a specific niche where you can make a significant impact. This could be a particular geography, a unique use case, a target persona, or an industry that remains resilient despite economic downturns. Specializing will enable you to build a stronghold, making it difficult for competitors to encroach upon your territory.

Lastly, invest in your product. Use this period to strengthen your offering for your core audience. A robust product will not only retain existing customers but also attract new ones. When the market rebounds, a superior product will position you to capitalize on the upswing, allowing you to regain momentum more quickly.

Hedi **MARDISOO**

CO-FOUNDER & CEO CACHET

In recent years, FOMO and trend-chasing have dominated the startup scene. Yet, our industry's core strength lies in the "give first" ethos that propelled many enterprises. The big question now is, which of these ventures will thrive in the next two years?

So, for fellow founders in 2024: keep following startup best practices and prioritize building sustainable businesses. Be open to calculated risks, especially in evolving markets where hidden opportunities often emerge. Stay receptive to emerging technologies beyond the current hype.

Shift your approach from rigid product development to continuous iteration — launch, learn, adapt, and enjoy the journey. Invest time in robust business models, even if growth may be slower. Filter out the noise of FOMO and hype, staying true to your vision and mastering the fundamentals. Here's to 2024, a year for resilient, sustainable startups shaping our future success.

"Filter out the noise of FOMO and hype, staying true to your vision."

Malte **SCHOLZ**

CO-FOUNDER,
CEO & CPO
AIRFOCUS

2023 was a challenging year for the tech sector, characterized by funding drops, AI challenges, and major layoffs; therefore, a strategic pivot is essential for 2024.

My advice: approach H1 with a product manager's mindset:

- Prioritize tangible problem-solving and product refinement over expansive visions
- (Continue to) leverage AI meaningfully, ensuring it adds substantive value and addresses genuine customer needs rather than just adding a label to your product
- Embrace a meticulous attitude towards resource allocation, optimizing financial, human, and technological assets to enhance product efficacy and establish robustness against potential crises
- Persistently optimize UX, utilizing tools like AI to craft a product that evolves in line with user needs and expectations
- Create a robust roadmap that includes a dedicated crisis management blueprint, pre-empting and planning for possible disruptions without sacrificing product integrity or trust
- Building on the philosophy behind airfocus's modularity, build a product and organizational structure that embodies both adaptability and resilience, ensuring relevance and value in a fluid tech environment

The ultimate success depends on balancing innovative and sustainable growth with the continuous satisfaction and engagement of customers, so make sure your strategic application of these principles helps you achieve just that in 2024.

Adrien **HUGON**

CO-FOUNDER & CEO
ONEPILOT

Cash being expensive both on debt and equity markets, waiting for improved conditions for any new funding appears essential. However, burn rate reduction and resilience can still be combined with an active approach to program the best possible uptake during H1 2025.

That's why I would advise any entrepreneur to first make sure your company lives through the next 18 months. You should have 24 months of runway to avoid requesting additional funds. Therefore, rassessing costs regularly will help to reduce burn while earning you valuable months.

Then, and only once this first rule is checked, the best way to direct financial resources toward long-term growth catalysts might be to ask yourself how you want your fundraising deck to look in a year.

In other words, what are the three essential metrics and the killer slides that you must achieve to secure the next funding round in early 2025 (target CAC, upsell, cohorts, # of large clients signed…)? Plan for H1 2024 accordingly with these must-win initiatives, share them among all the team and follow them month after month.

If needed improving your reporting to track all KPIs and showcasing your achievements in a clear, transparent manner can also be super helpful.

Antoine **SCALIA**

FOUNDER & CEO
CRYPTIO

Startups should proactively prepare for the challenging business landscape expected in H1 2024. Given the anticipated persistence of unfavorable macroeconomic conditions and high interest rates, startups are likely to face various obstacles, including difficulties in securing funding from VCs. Although the challenges may ease somewhat in H2 2024 following the US presidential election, it is wise for startups to anticipate a continuation of the demanding conditions experienced over the past two years.

In response to these challenges, I recommend that startups adopt proactive strategies tailored to their specific market contexts. For startups operating in highly competitive markets, maintaining lean teams and fortifying competitive advantages will be paramount, particularly if they have recently secured funding at a high valuation.

Conversely, startups in rapidly expanding markets without clear frontrunners should consider adopting an aggressive approach to bolster their market positions, even if it means faster cash burn. The emphasis should be on gaining a competitive edge, which ultimately outweighs short-term financial considerations.

In any market, it's crucial for businesses to prioritize two key goals: first, to achieve complete alignment of the entire team with the company's objectives; and second, to recognize and reward top performers accordingly.

Robin **CHOY**

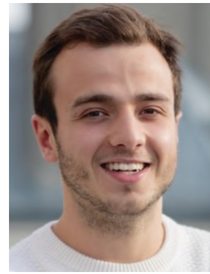
CEO
HIRESWEET

While the current recruiting climate might appear overwhelmingly company-driven, it's essential for businesses to remain vigilant. Rapid market fluctuations could tilt the balance in favor of candidates sooner than anticipated.

To navigate this, companies must prioritize genuine engagement with potential hires, avoiding the temptation to undercut offers, as this can quickly tarnish their reputation.

Obviously, everybody should now optimize for "talent density" — achieving objectives with a lean yet highly skilled team equipped with technology that maximizes their productivity.

Last but not least, now is the time to invest in your recruiting team. Instead of viewing them as mere executors of a hiring plan, they should be integrated as strategic advisors, equipped to not just fill positions but to attract top-tier talent - which is not getting easier to hire anytime soon. This involves a commitment to strengthening employer branding and nurturing prospective candidates, ensuring a sustainable talent pipeline for the future.



Aubin **RIOUFOL**

SALES STRATEGY
& OPERATIONS
PENNYLANE

It's time to embrace growth once more!

Over the past 18 months, we have all encountered the same advice: prioritizing profitability over growth. Fast forward to today, many startups have put their financial affairs in order, and some now find their competitors in less favorable positions.

In this clearer landscape, it's time to accelerate rather than wait for things to pick up. It's time to be bold and ambitious once more… but not in the same way as some did in the past (with three-quarters of the sales team focusing on outbound and investing millions in Google Ads).

Instead, we choose to invest in:

- Sales training
- Partnerships
- Product-led growth

Our experience at Pennylane has shown that this approach paid off much sooner than expected. The revenue per sales doubled after just six months of coaching and the implementation of the right sales enablement strategy. Product-led growth began to yield results within a few months.

Our vision for growth in 2024 at Pennylane also necessitates intelligent monitoring. We focus on two key metrics:

- The Magic Number: measuring the extent to which every euro invested converts into ARR (...or vanishes)
- The NRR: measuring how each euro of ARR either grows (...or vanishes)

Vincent **COIRIER**

CHIEF SALES OFFICER
PARTOO

We are entering a new era for sales leaders and entrepreneurs. We are forced to reinvent ourselves as the playbook we have used for the past 20 years in the startup world was built in a flourishing economy, with growth as the only key indicator for success. A new playbook needs to be written for an economy demanding both growth and profitability simultaneously.

In the past, when funding flowed freely, we often equated growth with the addition of headcounts. In today's resource-constrained environment, we must shift towards a 'revenue per headcount' mindset. Efficiency is the name of the game. We need to do more with less.

One key recommendation for this new era is a more targeted approach. Instead of expanding our addressable market, let's focus on the markets where we excel, ensuring faster profitability, with certainty, and cost-effectiveness.

The "never lose" culture is paramount. Every deal matters, as mass meetings and opportunities are no longer prevalent. Precision and depth in deal management will prevail. Bring value at all times, increase deal velocity, aim to differentiate from competition as sales, and remove obstacles to signing. Analyzing deals that don't convert and learning from losses is crucial.

Starting from our existing customers, we should prioritize renewal rates, land quickly, and expand from within. Expand on new products on national and international subsidiaries. We will both protect existing revenue and increase revenue that is more profitable. Simplify organizational structures, setting quarterly objectives and tracking them monthly will enhance our ability to forecast revenue. Take every possible action to bring back success to your sales team, as they are fatigued by a challenging year of underachievement. They need to regain their belief that success is possible.

As we embark on this journey into 2024, remember that these turbulent times demand adaptability, focus, and a relentless commitment to excellence. The "before and after" will define those who thrive in this new era of entrepreneurship and sales leadership.

"In today's resource-constrained environment, we must shift towards a 'revenue per headcount' mindset. Efficiency is the name of the game."

H1 2024 — FROM VC PARTNERS

Amaury SEPULCHRE,
Hexa

Elina BERREBI,
Revaia

Reinder LUBBERS,
No Such Ventures

Julien CREUZE,
BlackFin Capital

Evelien VARKEVISSER,
Prime Ventures

Michele ROZZI,
PSG

Sebastien JACQUEMOUD,
Expedition Growth Capital

Amaury **SEPULCHRE**

FOUNDER
HEXA

Don't miss AI!

Beyond the hype and the buzz, AI has simply become inevitable in the software space. Whether we like it or not, we have to cope with it. The future as we see it today is full of AI; it's our new reality.

As a founder, it's thus impossible today to think of your business or prepare an investor pitch without touching on the topic. AI might be the core of your product or just a line of thought to improve your service or generate leads, but it must be there. Be sure to dive deeply into the subject so that it doesn't appear as an afterthought or a buzzword thrown in at the last minute to catch the attention of VCs.

If AI doesn't impact your business, then you've likely missed something. Revisit your plan; you will find it. It's also possible that you might intentionally decide not to consider it, to purposely ignore it. In that case, it's even more important to specify that.

In short, pitching your software company without addressing AI in some form is like discussing real estate today without mentioning interest rates.

Elina **BERREBI**

FOUNDING PARTNER
REVAIA

Maintaining financial efficiency and staying adaptable is vital in this dynamic environment. Here are several key recommendations for startups looking to thrive in H1 2024 should consider in the context of the tech industry's ever-changing landscape:

- Balance growth and profitability: try to be break-even on your historical geography or demonstrate a short-term plan to reach profitability, you can prioritize growth over profitability for new markets or strategies
- Metrics and capital efficiency: startups should present healthy financial metrics while also ensuring a minimum 18-month financial runway. Burn multiple, the rule of 40%, customer acquisition payback period, or break-even ARR per employee are interesting KPIs to track
- M&A: activity can be particularly advantageous at this time. Startups should explore opportunities to acquire or be acquired by other businesses, as this can lead to several benefits: geographical expansion, product synergies, financial strength, competitive advantages, talent acquisition
- ESG: track ESG indicators to sustain the long-term attractiveness of your company for talents, customers, and investors

Reinder **LUBBERS**

VENTURE CAPITAL INVESTOR &
MANAGING FOUNDER
NO SUCH VENTURES

Breaking news:

When reviewing financial statements, VCs now actually scroll down from the revenue line, to look at things like margins (yuk).

So, now that current and future profitability get valued more by VCs, what to do as a founder when raising money?

Simple: show the VC you know all key metrics like your favorite movie quotes.

Nothing will make VCs believe more that you're in control and are a founder worth backing, as:

- You knowing what's driving the business
- You knowing what your VC counterpart wants to hear, showing commercial skills

Then, VCs want to know that you understand:

- Where you're growing to
- How to get profitable

So, perhaps you'd like to contemplate giving the VC a monthly model with:

- Clearly improving patterns
- Back-checks on future results

On revenue/ARR: say you estimate €50m ARR in 3 years on the back of believable and slowly declining growth rates, then explicitly show what (small) percentage that is of your SOM and how you calculated SOM.

On margins: costs lowering as % of revenue are believable when cost drivers are clearly estimated, with historical performance showing continued improving patterns.

- A 1-page GSheet/xls with anonymized customers on the Y-axis and months on the X-axis

Show them "that's how we calculate NRR (incl. churn) and see metrics improve over time", and watch the VC be delighted to see you're making their lives easier, showing you're in control of the funding process and of your company.

"Show the VC you know all key metrics like your favorite movie quotes."

Julien **CREUZE**

PARTNER
BLACKFIN CAPITAL

After a shocking year 2022 for tech founders, 2023 was a year of transition from growth at all costs to profitable growth. Most companies are now operating on this "new normal" — often at lower growth rates but with way better unit economics (gross margin, CAC payback, LTV/CAC, rule of 40, burn multiple).

The ones who transitioned the fastest are already profitable or on a clear path to get there. They look at 2024 with serenity. For many others, it might take a few more quarters and a new funding round (possibly a down round) to get to this "peaceful" state of mind.

Anyhow, 2024 will be a year of opportunities. Stock markets have rebounded, VCs are starving for deals to deploy their dry powder, and the less agile competitors are suffering.

My advice for Series B+ founders is to get ready and structure their companies to be in a position to seize these opportunities. There are many ways to do it, including:

- Creating two companies within the company: one focusing on profitability of the current business, the other being a collection of speedboats with dedicated budgets and KPIs to seek growth in new markets & segments; this second one could be led by the founder missing the adrenaline coming with fast iteration and exponential growth
- Reshuffling the company from an organization by geography to an organization by central functions to share best practices and unlock efficiency gains to be reinjected in the growth engine
- Setting up a proper M&A taskforce (with internal resources and external advisors) to drive market consolidation by acquiring competitors or, often better, carving out entities of incumbents

I also highly recommend staying close to VC funds. There will be some large funding rounds closed in 2024 and even if you don't need to raise to get to profitability, it could help you to get way bigger, way faster!

"2024 will be a year of opportunities. Stock markets have rebounded, VCs are starving for deals to deploy their dry powder, and the less agile competitors are suffering."

Evelien **VARKE-VISSER**

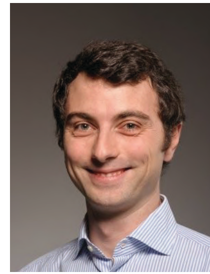
VC INVESTOR
PRIME VENTURES

While the early-stage VC market was already showing signs of recovery during the latter half of 2023, the funding climate for later-stage companies remained challenging. In this market, I have three recommendations for founders:

Prioritize sustainable growth: focus your efforts on addressing your customers who face the most significant pain points. This customer group is likely to have a higher willingness to pay, be easier and more cost-effective to convert. These customers will most likely also demonstrate greater loyalty to your product. Building a strong base within a loyal customer group will provide the solid foundation needed to expand into other customer segments over time.

Embrace agility and lean practices: make sure to structure your business in a way that allows you to adapt swiftly to the evolving markets. If necessary, be ready to adjust your business model, pricing, and go to market strategy. Additionally, strive to stay as lean as possible and create efficient internal business processes.

Exercise critical financial management: as access to capital is currently constrained and expensive, it is important to be critical of every expenditure and evaluate the value it adds to your business goals. Monitor your burn rate closely and ensure you have the flexibility to cut costs to extend your financial runway if things do not go as planned. This strategy enables you to gather the necessary proof points to secure your next funding round or to achieve profitability.



Michele **ROZZI**

DIRECTOR
PSG

For a company that has reached the Product Market Fit stage, it is important to think about profitable growth. Developing a path to positive EBITDA can be done in conjunction with top-line growth. In order to get there, you really need to think about how to scale. Every investment in the business has to bring about more than proportional returns.

This is the time to think about what kind of organization you need to get your company to the next stage. It has to do with using a data-driven approach to track business as usual as well as different initiatives and make timely decisions about what to stop and what to continue. It may require professionalizing certain parts of your organization and funding with fact-based trade-offs with other parts.

Innovation remains crucial and it can be enhanced by the right scale factors. All this requires good planning by the CEO and top management. It also needs orchestration and constant follow-through.

Sebastien **JACQUEMOUD**

PORTFOLIO OPERATIONS DIRECTOR
EXPEDITION GROWTH CAPITAL

Interest rates will remain high for the medium term, and economic uncertainty will undoubtedly continue in 2024. As a result, building great teams, raising money, and meeting budgets will continue to be challenged throughout next year.

To overcome these challenges and sustain growth, we recommend that entrepreneurs adhere to the following four principles. These principles are applicable whether you're scaling from €0M to €10M, from €10M to €50M, or aiming for €50M and beyond:

- Clarify your business destination: develop a 2024 budget, a three-year plan, and a five-year vision. These are essential tools for your management team and your entire organization to align and work collectively towards your company's goals. Don't forget to keep iterating and adjusting these plans. As part of the ongoing drive to improve your performance, track your performance actuals vs. forecast vs. budget — a good forecasting will enable corrective actions that will help meet budgets and longer term plans
- Surround yourself with top talent: ensure that your team consists of individuals who excel in their roles and are experts in their respective fields. A skilled and motivated team is vital for your ongoing success
- Focus on the vital few: recognize that organizations can effectively execute only two to five strategic initiatives at once. Identify these key strategic priorities and concentrate on flawless execution
- Leverage your data: make the most of the data available to you. Regularly update your team on your business's performance. For example, a comprehensive quarterly board pack is a valuable tool for executive teams and discussions with investors

Finally, keep in mind that success also depends on your ecosystem. Engage with investors, advisors, and peers to gain insights from those who have walked a similar path. Don't hesitate to discuss and reflect on your business with them.

> **“To overcome these challenges and sustain growth, we recommend that entrepreneurs adhere to the following four principles <...>”**

OBSER-
VA-
TORY

Section

02

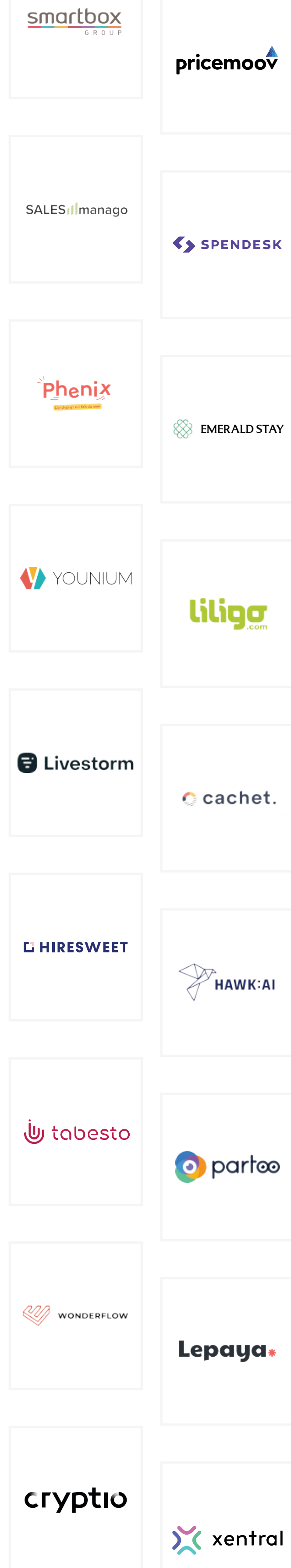
Data on H1 2024 trends, collected from 37 CEOs of tech startups in Europe

OBSERVATORY RESEARCH 2024

Presenting survey findings: the collective opinions of startup leaders regarding trends in management, sales, and marketing for the upcoming semester

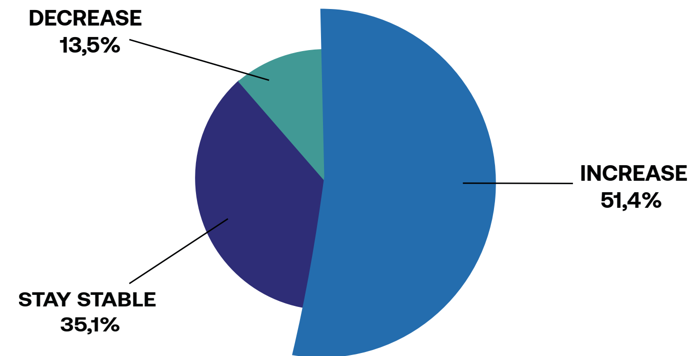
37 participants

CEOs and founders from leading European startups operating at the Series A+ level



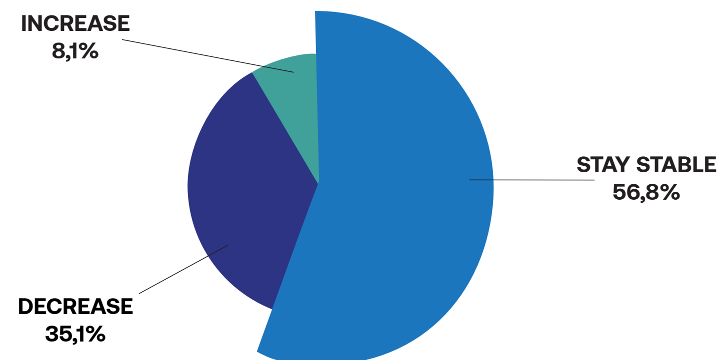
FULL TIME EMPLOYEES IN 2024

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



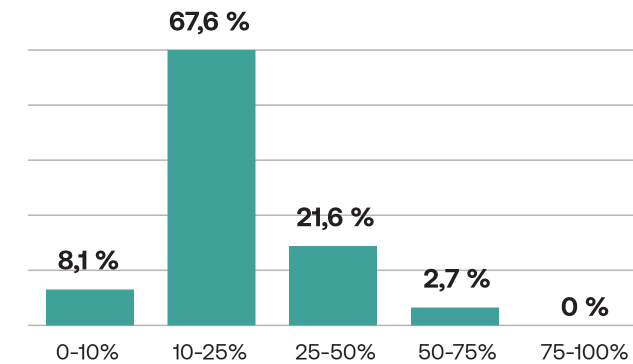
REMOTE WORK IN 2024

Will remote days in your organization increase, decrease, or remain stable?



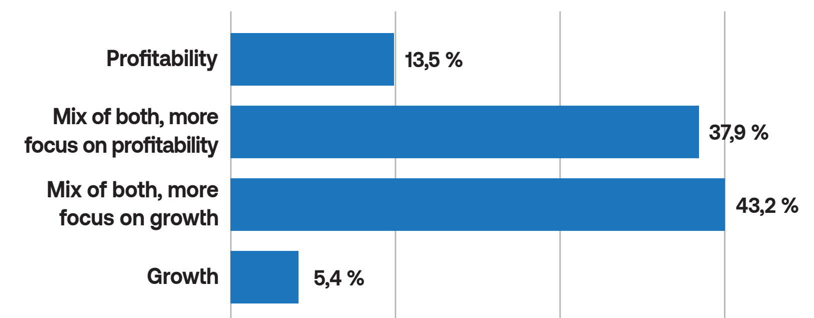
HIRING A-PLAYERS IN 2024

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



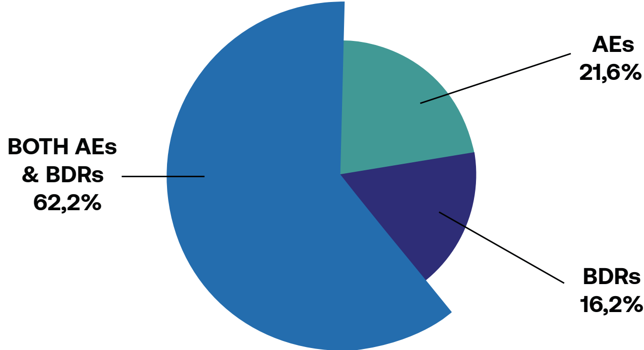
PRIORITIES IN 2024

What is your priority: profitability or growth?



PIPELINE GENERATION IN 2024

Who will be in charge of your pipeline generation: AEs, BDRs, or both of them?



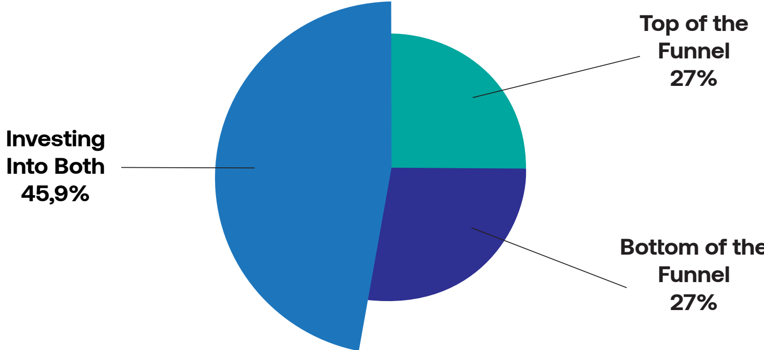
SALES TARGETS IN 2024

How much are you willing to decrease the sales targets (quotas) of your sales reps to reflect market conditions?

Quotas %

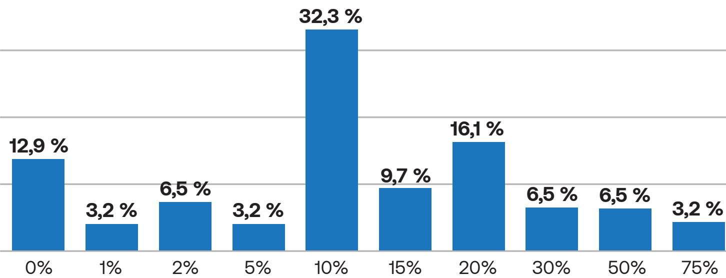
MARKETING FUNNEL IN 2024

What is your priority: top of the funnel, or bottom of the funnel?



AD SPEND IN 2024

What percentage of your marketing budget, including salaries of the marketing team, will go on ad spend?



Projected Average Ad Spend For 2024: 16% from the total marketing budget

*31 respondents took part in answering this question, the rest 6 respondents refrained from sharing

DEEP TECH FORUM

Section
03

Addressing business and fundraising challenges relevant for deep tech founders

Kyle O'BRIEN,
Managing Partner
Unit Ventures

Evan KERVELLA,
CEO
Chipiron

DEEP TECH EXPERTS ON KEY BUSINESS CHALLENGES IN H1 2024

DEEP TECH EXPERTS ON KEY BUSINESS CHALLENGES IN H1 2024

By KYLE O'BRIEN
MANAGING PARTNER, UNIT VENTURES

ABOUT THE AUTHOR

- Solution Engineering at Salesforce
- Startup Operations / Leadership across the US & Europe
- Tech Newsletter Writer (Startup ROI) and Podcaster

Kyle has spent over a decade in the tech sector holding roles in Big Tech, numerous startup leadership positions and most recently in early stage venture capital. He's an American based in Paris, currently building a deep tech fund with Rand Hindi — focused on frontier technology and emerging scientific breakthroughs poised to change the world.

1

NOT ENOUGH CAPITAL ALLOCATED TOWARDS EUROPEAN DEEP TECH

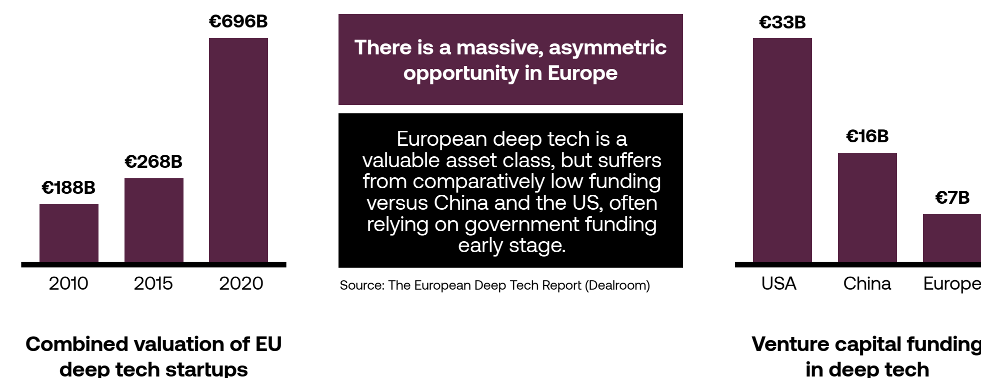
My first answer is what I'll call the *Occam's Razor explanation*. It's simple: there isn't enough funding going towards European Deep Tech. We can get into policy, culture and incentives in a moment, but without the requisite capital, there will be persistent challenges in scaling this high-potential eco-system. While the combined valuation of EU Deep Tech startups grew roughly 3.7x over a decade ('10-'20) venture funding for this category remains at a paltry €7B. That's roughly 21% and 43% of the total amount deployed in the United States and China, respectively. Deep Tech tends to be capital intensive, higher risk and requires longer time horizons to commercialization.

So, while there is an appetite to invest in the next SpaceX or OpenAI of Europe, inves-tors need to put their money where their mouth is. This is easier said than done. In deep tech, especially in the early stages, it is often the case that the business consists of a prototype and a few academic papers. To properly evaluate these opportunities requires a specific yet multi-disciplinary set of skills. Which brings me to my next point…

2

NOT ENOUGH INVESTORS WITH SCIENTIFIC AND ENTREPRENEURIAL BACKGROUNDS

Only one-quarter of European VCs have a scientist on their team. Less than 25% of European GPs have been startup founders themselves. In pre-seed and seed investing, it is essential, irrespective of sector, to have a sense of what it takes to actually build a company from the ground up. There's no better way to acquire that experience than to be a founder or high-level operator yourself. The venture capital industry in Europe is composed primarily of former bankers and consultants who have no doubt acquired a



Combined valuation of EU deep tech startups

Venture capital funding in deep tech

valuable skill set, but arguably less applicable in the world of early-stage venture. Deep tech adds another layer of complexity: scientific credentials. Not only do you need to understand the dynamics of a startup, but have a firm command of the scientific breakthroughs behind the product. At the intersection of entrepreneurial experience and scientific reasoning lies a huge potential for backing the next ground-breaking deep tech company.

Deep tech isn't lean. It takes time to do proper science, often years. The typical time to market any breakthrough technology is 3-5 years. Most companies who try to commercialize before their technology actually works end up doing a bunch of PoCs that never convert to ARR. Companies need to go through a proper R&D phase before they can make real revenue. These are the types of lessons you learn by doing — as a founder, a scientist or a technical co-founder. Europe produces best-in-class scientists every year from top-tier science and engineering universities. There isn't a supply issue. There is, however, a bottleneck in the ecosystem that has slowed the maturity of scientific entrepreneurship.

3

FRICTION IN THE UNIVERSITY SPINOUT PROCESS

A large proportion of deep tech startups have links to university labs or research programs. After all, this is where the bleeding edge of science is taking place. So it's only right that universities expect compensation for incubating said research. Nevertheless, the trials and tribulations of working with the *dreaded* Tech Transfer Office (TTO) come up on a regular basis with deep tech founders around Europe. The TTO is a department within the university responsible for overseeing *how* intellectual property developed at the university spins out. More specifically, they negotiate the terms of use. This can be structured in myriad ways: royalties, in exchange for equity, a contract for exclusive rights etc. Typically, this all happens *before* venture capital investors get involved, yet it has serious implications on the financial viability of the company in the long run. Generally speaking, it's best practice to fairly compensate the university for facilitating the research while preserving enough equity for founders to be incentivized, future investors to be interested, and to retain an equity pool for future employees.

I loathe to make the classic *Europe is years behind the United States* argument (one that gets tossed around quite loosely); however, in this case, I think it's justified. Surely, the process isn't perfect in the US. That said, institutions like Stanford and Harvard have been in the venture game for some time and recognize that outsized returns, in the long run, outweigh short-term gains from stringent spinout agreements (it also probably doesn't hurt that these universities have multi-billion dollar endowments, a distinctly American approach the higher education). By comparison, the European TTOs appear rigid and anachronistic.

Spinout.xyz is an open-source database created by Nathan Benaich of Air Street Capital to bring transparency to the university spinout process and empower inventors and scientists to launch startups from the research they conduct. A quick glance at the table, and you'll see that most US universities take relatively small equity stakes (mostly in the single-digit percentages, with a few exceptions). In the most extreme case, Oxford University took 70% equity and a 3% royalty, rendering the company effectively *dead on arrival*. While some European TTOs are better than others, the general consensus is that they are difficult to work with, even adversarial. And it shows in their NPS scores from founders. This is a system issue that needs resolving if deep tech startups are to be set up for success.

4

INCENTIVES AND EXITS

At the end of the day, everything comes down to incentives. Capital allocators need incentives to invest in early-stage deep tech startups. Academics need incentives to leave the creature comforts of university. Tech Transfer Offices need to be reassured that long-term gains will put them in a position to fund future research without compromising near-term innovation. Policy-makers and politicians need to create and foster these incentives at a macro level to keep the ecosystem thriving. It's all interconnected, which makes this an enormous coordination challenge.

At the surface level, investors and founders make money one of two ways from a startup: an acquisition or an initial public offering (IPO). Generally speaking, these two exit strategies incentivize startups to succeed by offering liquidity to those involved. In either case, founders and investors are rewarded, but other dynamics have a downstream impact on domestic innovation and further capital deployment.

In terms of acquisitions, European companies don't have the mindset of "let's acquire this company at a premium" — they'd rather build in-house. Oftentimes, top European companies get acquired by foreign blue chips. This means talent, IP, and the surrounding ecosystem goes abroad with it. Furthermore, EU companies don't want to list in Europe, opting instead for exchanges like the NASDAQ or NYSE (for various reasons, including expertise, visibility, and market opportunity). A lot of the long-term value accrues overseas as a result.

Macro economic incentives are only one piece of the puzzle. It's also important to understand human behavior and decision-making and the micro level. Professorships in Europe are high status but are paid comparatively poorly. Highly funded labs and startups in the US, for instance, can easily poach them with promises of high salaries and upward mobility. Creative compensation is also a factor. Pay packages at top-tier startups in the United States include things like Restricted Stock Units (massive upside); however, stock-based compensation is less common or legally straightforward across Europe.

These problems persist across disciplines. Yet it has an outsized effect on the deep tech sector, one that is already saddled with complexity, technological risk, and enormous challenges one encounters working in the worlds of atoms instead of bits. The challenges outlined here aren't only pressing for deep tech founders and investors. Rather, it's a problem of national security and sovereignty. Europe needs innovation to take place in Europe. Potential for innovation shouldn't be limited to software and machine learning but extend to fusion, cryptography, biotech, and beyond. What we need is a collective will to incentivize innovation and retain it as it scales. In a 2-sided technological world order (US-China Axis) we need a movement towards European Dynamism.

DEEP TECH EXPERTS ON KEY BUSINESS CHALLENGES IN H1 2024

By EVAN KERVELLA
CEO, CHIPIRON

ABOUT THE AUTHOR

Evan holds a Master of Engineering from École Centrale. He started his first company at 21, then Chipiron at 25. Evan was awarded the Forbes 30 Under 30 title in 2022.

He has built an extensive network in the medical world over the years, from which the idea of Chipiron emerged.

Chipiron develops a new generation of MRI machines working at the magnetic field of a fridge magnet. Thanks to a patented detection system powered by quantum chips called SQUID, they make ultra-low field MRI machines that are small, cheap and portable.

#1

THE LACK OF TECHNICAL EXPERTS AMONG INVESTORS TO ASSESS THE RELEVANCE OF THE TECH

By nature, deep tech companies rely on niche technical breakthroughs, sometimes even conquering uncharted scientific territories, making the core of their developments difficult to assess from the outside. This is a critical point because the success of these companies often relies on the feasibility of the product. To get VCs in a position where they can consider investing, we can rely on:

- Social proof, like a well-known and cited researcher as a CTO, hiring a significant number of PhDs, or getting respected KOLs on board
- External due diligence
- The thesis VCs can have on our domain: quantum computing or nuclear fusion start-ups benefit from the willingness VCs have to make an investment in these areas for example

Nevertheless, all these elements are nothing more than proxies, making fundraising more difficult than in the case of a startup having a working product after a few iterations and users to quantify the traction.

2

MULTIPLE FUNDRAISINGS AND DILUTIONS

The typical fundraising journey of a company is the following:

- Seed brings you to a prototype you can put in the hands of your users
- Series A brings you to market and allows you to reach product-market fit
- Series B helps you accelerate the developments

In the case of a deep tech company, building a prototype is not something you can do with a Seed only, or it better has to be a big one, which is not an easy thing for the reason above.

Therefore, the fundraising journey is quite different and involves many more fundraisings to finance the development of the product. Generally, they correspond to significant milestones.

Dilution is an important question in our case: on the one hand, investors should understand that our valuation has to increase even if we are still not on the market. On the other hand, founders should be ready not to keep 30% by the time they sell their first product.

3

LONGER DEVELOPMENT TIMES

Deep tech startups often encounter a frustrating challenge: longer development cycles. This runs counter to the lean startup mentality of rapid iteration and quick delivery to customers. In deep tech, iteration cycles can span years rather than months. It's essential to keep potential users engaged during this period by communicating progress regularly and involving them in the development process.

4

BALANCING NECESSARY RESEARCH WITH A SHIPPING MINDSET INTERNALLY

When you are doing breakthrough innovation, you are solving new problems. This requires research efforts, which are often very different from engineering tasks directed toward delivery and shipping. The typical framework of a researcher is “How could I best solve this?” Researchers start from a problem and look for the best possible solution.

On the other hand, engineers start from the constraint of a deadline to achieve a feature and look for the most optimal solution regarding cost and scalability. This is very different.

As a deep tech company, we have to somehow do both: keep the diverging thinking of research, and integrate it within the constrained environment of a startup. This is an open problem. I haven’t found a perfect solution yet. My best clue is that it comes down to the culture of the company.

5

DEMONSTRATE TRACTION WITHOUT AN MVP

As deep tech startups progress, securing larger funding rounds becomes imperative. However, without a working prototype to put in users’ hands, quantifying market demand can be challenging. To demonstrate traction convincingly:

- Build a substantial user database or community interested in your technology
- Secure Letters of Intent (LOIs) from potential customers indicating their intent to adopt your solution
- Execute paid Proof of Concept (PoC) projects to validate your technology’s feasibility in real-world applications

These strategies help substantiate market interest, mitigate investor concerns, and provide evidence of your technology’s potential value.

“Deep tech companies rely on niche technical breakthroughs, <...>. Making the core of their developments difficult to assess from the outside. This is a critical point because the success <...> often relies on the feasibility of the product.”

PANEL TALK

Section 04

A conversation about moving upmarket during the next six months

Stephane AZAMAR-KRIER,
Co-Founder & CEO
ATSCALE

Asya KOTLER,
VP of Sales
ATSCALE

Laetitia RIBIER-COSTA,
VP of Sales
ATSCALE

MOVING UPMARKET IN H1 2024

HOW CAN ORGANIZATIONS EFFECTIVELY TRANSITION THEIR GTM FROM SMB & MID-MARKET SEGMENT TO ENTERPRISE IN 2024?

STEPHANE

What we have seen, I think, during the last 6 to 12 months is that it's becoming harder and harder for SMB and mid-market businesses to have sustainable growth.

The markets and VCs, in particular, want startups to have a faster path to profitability, and one way of doing it is to move upmarket.

But the reality is that it implies very big changes for the company itself, starting with product, obviously, but also in terms of company DNA when it comes to selling.

I would say that from what I'm seeing, enterprise is basically like the new El Dorado. Everybody wants to move upmarket, but I very rarely see the company roadmap to transition from SMB/mid-market motion towards an enterprise motion.

WHAT ARE THE MAIN *PITFALLS* OF THIS TRANSITION?

ASYA

I really connect with what Stephane said because when we are doing very well in transactional sales, we often work on volume. So we have a lot of small deals, we can break down and multiply the actions that led us to the targets very easily.

However, when we move upmarket, we need to develop a much richer offering. Often, we don't have the time to really develop new models, but we do need to provide more service. We need to provide more enterprise security or SLA.

So when we package our enterprise offering, now we need a channel to distribute this offering, but we might not have this mechanism in mind yet. Not the people nor the process of how to even break down this into tangible milestones.

And I will give you a very simple example. Amplitude has just now made the change in their pricing offering. As an enterprise, they are trying to win more market share and add another pricing tier because they understand that the way they were going up until now was not enough.

They had to add another team that will do a different type of qualification, deal management, and customer management after closing. So you basically need to think about three pillars there: in pipeline generation, in closing, and then in management.

And that's *a lot* to take for a company. Usually, companies trying to transition succeed at getting their first customer, but they don't know how to keep them, or how to increase the customer's adoption.

And you know what? When I think about it, one of the bigger problems is that the ICP is not being redefined well enough. And based on that, we don't know what needs to be the win for our enterprise buyer.

So the cost of inaction that we identify when we sell to mid-market doesn't have to be that drastic because the cost is not very high.

But when we are going upmarket, we have to build *very strong business cases*, and we need to carry them across *multiple personas*, huge committees. So, as an account executive leading this type of engagements, you need to perfect process leadership.

And then, you need to have a strong business case and ROI understanding. So, you need to understand the market, competition, and current processes much better.

HOW *DEEP* DO THE CHANGES HAVE TO BE?

ASYA

Well, obviously, we're keeping the main value proposition, but we have to change *the way we package it*, including the wording. So if our value proposition was to a certain team, now we need to think not on a team level but on an organizational level.

No one is putting 50K or 100K today on a solution that is not directly triggering action and affecting a company's KPIs.

This is where it usually breaks: teams are going with the same messaging and value proposition, which is not tailored to a higher seniority persona. They end up underselling the value, and the ROI is not there.

STEPHANE

It reminds me of a situation I've had recently with a client targeting mid-market businesses who happened to have signed large enterprise deals and clients.

This client is backed by a top-tier American VC who was very impressed that this startup managed to do that without an enterprise sales team.

But unfortunately, what happens is that they're experiencing a significant churn. And it's actually logical, not only from a product standpoint but because the company itself is not yet structured with the right profiles to manage those accounts at the right level.

They don't have churn monitoring programs. They don't have those triggers that basically can prevent and detect churn before it happens.

When you need to be in touch with the boss of the boss and so on, if those very basic techniques of account management are not very well mastered by the teams, it will ultimately lead to churn, even for outstanding products like the one I'm talking about.

I think that a lot of companies are not equipped to handle enterprise when they are coming from an SMB environment. This is the case for sales teams, but it is even more important on *the account management side*.

LAETITIA

I would say that what is very important as well is *the alignment* between marketing, product, and sales. We talk a lot about sales and the fact that the people in the sales team need to upskill because selling to an enterprise market is different from the SMB or mid-market.

But it's the same with the misalignment that you can have between marketing, sales, and product. This is also a common issue that we can see: upskilling the AEs to go after bigger deals but not helping them with marketing and product adaptability.

WHAT ARE *THE INGREDIENTS* FOR SUCCESS IF YOU WANT TO MOVE UPMARKET?

LAETITIA

I would say that companies have to, as we mentioned earlier, upskill their sales population, upskill their account managers as well, and everyone in the company.

They have to make sure that they really have *the right message for the right person*. Sending a message out there to see what happens doesn't work.

And this is why I was talking about the alignment between marketing, sales, and product. It's important to ensure that each of these organizational structures within the company has a roadmap that ties up together.

STEPHANE

When I ask myself that question, I'm also thinking of all the companies which are not yet executing well enough on the SMB and mid-market side.

It's interesting, this human way of thinking by design that if something is not performing

on the left, you should go to the right, where actually maybe you *haven't spent enough time fixing what should have been fixed on your current SMB and mid-market business*.

Because you probably can still extract a lot of performance out of it instead of moving upmarket, which requires a tremendous amount of effort and financial investments.

So I think the very first item leadership teams and founders should consider is, am I entirely sure that I've extracted the full potential from my SMB and mid-market motion?

HEDI, THE CEO OF CACHET, SHARED EARLIER HER ADVICE TO AVOID FOMO (P. 15) IS MOVING UPMARKET A *TIME-SENSITIVE* ACTION?

STEPHANE

I think that, on the contrary, it is time-sensitive in a sense that you *should not* make this move too fast.

Because those who have the fear of missing out, as Hedi said, and I think she's very right, are jumping into the enterprise shift without preparing the architecture that needs to be implemented and orchestrated within the company to go in that direction.

If you want to transition, regardless of the size of your company, I would say that either between series A to series C — it's going to take *a minimum of a year*, eventually two, if you want to win enterprise accounts in the right fashion.

So, you should not expect any result at all from making such a move in 2024. If you're making it right now, it will eventually pay off in Q4 2024 or in Q1 2025.

ASYA

It's a fun question about FOMO that I touch on a lot because we all remember less than a year ago when the VCs were pressuring absolutely everyone to go into PLG. And most of the companies that jumped into it did it with a surface motivation.

And now most of those companies (actually the same ones who jumped to PLG) are doing the opposite. Now, they are jumping to sales-led growth or enterprise-led growth in the same fashion.

And when you choose your distribution motion, you have to understand in which market specifically you operate, who is your ICP and target persona, and what your budget is.

And I really agree that if you haven't succeeded in mid-market, the chances of just going up market and succeeding, let's be honest, are slim.

Why did you even choose to start from the mid-market? What led you to this decision? Is it because you believe that you cannot take too much money that the ACV is relatively low? Is it because you have a very light implementation, and it's an easy and transactional sale?

Because let's not forget moving to enterprise also means that you have to change the sources of where you generate your leads from. It's not going to be VPs of sales, marketing, or engineering from banks clicking on your ads and leaving their contact details, right? That's not going to happen. So you also need to change the whole motion.

AND FOR THOSE WHO HAVE EXCELLED IN THEIR CURRENT SEGMENT, WHAT WILL BE *THE WINNING FORMULA* FOR MOVING UPMARKET, SPECIFICALLY IN 2024?

STEPHANE

Well, I think that the losers — the companies that will not succeed — won't change much.

Except maybe hiring enterprise account executives. So I think we will see across all companies trying to move upmarket, an increased tension in hiring enterprise account executives. So we could expect higher competition for those profiles and eventually higher salaries and scarcity in finding the right profiles. But I think it will stop there for the losers. I don't think they will change much in their own organization. And that's the reason why it's not going to work out.

I think that *the winners*, on the other hand, *will probably give sales enablement and marketing a much bigger seat at the table*. And eventually, though Asya will speak much better about it than I do, all the enterprise-related sales functions like solution consultants which are kind of mandatory in the enterprise segment.

And I think we will probably see bigger marketing budgets and bigger sales enablement budgets, which are required for a company to transition towards an enterprise motion.

ASYA

We have to consider that in order to invest in marketing and sales enablement, especially sales enablement or product enablement even, which are not revenue-generating functions, a company has to have funds.

So, if we look at the timeline, most companies that want to do this transition, they want to do it because they want to get the funds.

So *it's kind of a catch-22*. They cannot invest, or they feel that they cannot invest in functions that are not revenue-generating directly before they complete their round, but they cannot complete their round without bringing big customers with huge deals to the table.

And I agree with you that there will be a difference in actions, like always, between the leaders and the ladders.

And for the leaders, I think the first and most valuable act will be focusing not only on new lead generation, but also on *increasing internal and external loops*, especially using their existing customer base. Investing in smart referral programs, expanding the landed accounts, looking into how my mid-market customer can bring me to my next enterprise customer, and putting the right people in customer success and enablement from the other side of the bowtie.

And in terms of marketing, I have to say I'm not sure that there will be more money invested there because, especially in enterprise, there are less and less paid activities that will generate leads. So, where will you put the money? Will you put the money into branding, in content, or in market education?

STEPHANE

In branding.

ASYA

Yes, in branding, in market education, and in content. And this is interesting because this has already become sort of a different function in marketing. Not a lead-generating function but an educational one.

LAETITIA

And just to build on what you were saying, Asya, right now, the companies need to focus much more on their existing customers. This is something that was left aside for a long time in favor of acquiring new clients relatively easily. But keeping your clients is so important because it costs much more for a company to acquire a new client than to retain the one that they have.

STEPHANE

I couldn't agree more with you, Laetitia, and I think that this is a huge topic that has been left out. And to loop a little bit on the enterprise topic, I can tell for a fact that if you are not exceptional when it comes to account management and dealing with client relationships in the enterprise field, you have no chance of building a big business there.

SPEAKING ABOUT TOPICS THAT ARE FREQUENTLY NEGLECTED, IS THERE ANY *OTHER FUNCTION* THAT YOU BELIEVE IS *NOT* RECEIVING THE ATTENTION IT DESERVES?

ASYA

Yes, I actually wanted to jump in with another layer that was overlooked, and that's *partnerships*.

I myself built quite a few partnership processes, and I know that it was always like: let's work with partners who can bring us revenue today or partners whose name is a huge alliance that will benefit our brand.

But it wasn't strategic enough. I think companies that want to expand to enterprise have to incorporate a partnership mindset, both as technological, reselling, and consulting partners. All of those three layers create so much segway into the markets.

When we want to expand to new markets, how do we do that?

In the past, it was going to all the events in this market, paying for a booth because it's located in the region where we want to create a presence. Or putting a huge marketing budget to create campaigns and a visual presence.

I think today it's a very valid decision to shift those budgets, or part of those budgets into partnership motions and bring people who really know to build partnerships.

STEPHANE

In Europe, at least from what I know, *partnership is also like the new El Dorado*. So everybody wants to have a partnership team, usually composed of one person, eventually two. But there is no structure, no senior leadership in it. And this can be a reason why partnerships may just not be working yet.

ASYA

A very strong sign that something is becoming urgent is that startups in this space start to emerge. One of the bigger areas where new startups are born are partnerships, leadership, and management. So, I think it will have to become an intentional process. How do you generate revenue out of it? How do you create a process to create this stability of huge partnerships and alliances?

WHAT WOULD BE THE *CONCRETE* NEXT STEPS FOR COMPANIES WHO DECIDE TO TRANSITION TO THE ENTERPRISE SEGMENT?

STEPHANE

I think you have to put together a very robust 12-month plan that you have to present to your board and to your investors.

And it has to include what Laetitia said in the beginning, the entire leadership alignment, starting with a product. It has to be a profound change in the DNA of how the company is operating. And we also discussed that with Asya: the types of profiles and expertise you will need.

And probably, this 12-month plan will require a much bigger investment than was initially planned in your business plan. So you will have to rework it. And I think it's a collective exercise to do with the leadership team of your company. That's one direction.

I think the other direction, which is still very valid, is to say, okay, folks, have we done everything we were supposed to do on the SMB and mid-market segment? Are we entirely sure that we do everything right? You will never do 100% of success in everything, but are you entirely sure that you're still operating in the best fashion possible when it comes to extracting performance in your current segments? I would really explore that first before trying to put the 12-months business plan.

ASYA

And also, always remember to experiment, before building a 12-month plan. You can also just try one deal with one customer and one use case to learn from it how big your gaps are.

THOUGHT LEADER-SHIP

Section

05

A curated collection of opinion pieces crafted by VC investors, startup and scale-up executives, and tech thought leaders to navigate H1 2024

Guillaume ROSTAND,
liligo.com | French Tech Barcelona

Thibault RENOUF,
Partoo

Filip VAN INNIS,
Fortino Capital

Laetitia CARLE,
Greenly

Robin CHOY,
HireSweet

THOUGHT LEADERSHIP

HOW TECH COMPANIES ARE APPROACHING THEIR MARKETING STRATEGY RIGHT NOW?

HOW THEIR STRATEGY HAS EVOLVED, BASED ON THE CURRENT CONDITIONS AND OBJECTIVE OF PATH TO PROFITABILITY

By GUILLAUME ROSTAND
CMO, LILIGO.COM
PRESIDENT, FRENCH TECH BARCELONA

ABOUT THE AUTHOR

Guillaume has been CMO of tech companies since 2008, and currently serves as CMO for Liligo — travel metasearch — since 2017.

In addition to this, Guillaume is president of the French tech Barcelona association since 2019. He invests as business angel and acts as advisor for funds and tech startups.

THE ARTICLE FEATURES INTERVIEWS WITH:

- Alexandre Lemétais, VP Growth at Qonto
- Eve Anglard, Head of Marketing at Tool4staffing
- Julie Bruneau, CMO at Weekendesk
- Antoine Le Nel, Partner, Group ExCo at Revolut
- Eve Bastrenta, Marketing and Communications Director at Eureka Education

And other leaders who wished to remain anonymous.

"The era of abundance is coming to an end."

This message is becoming increasingly prevalent. Naturally, it resonates with critical environmental issues. Yet, it sharply applies to the tech world, which has thrived on the easily accessible financial support of venture capital, private equity, and easily accessible debt for nearly five years.

Marketers, who allocate a significant portion of funds to fuel growth, often bear the brunt of this shifting paradigm.

Furthermore, they face the challenge of not only achieving profitability (approaching breakeven or faster payback) but also sustaining growth.

Is this even possible? And how are the key stakeholders striving to achieve this objective?

I interviewed around twenty CMOs (including those from Revolut, Qonto, Littlebigconnection…) to understand how each company, whether B2B or B2C, is adapting to this new environment.

GOING DOWN THE FUNNEL!

Primary objective: be more efficient!

This might (like much of what follows, I apologize) seem like common sense. However, implicit in this is the revelation that companies have long burned cash to stand out in an environment crowded with solutions and new startups. There was a need to create noise, often at any cost.

To achieve greater efficiency, what are CMOs doing?

They are cutting down on non-immediately profitable or qualifiable expenses in the direction of imminent profitability (such as more "brand" oriented channels like display, certain video platforms, offline advertising...) to focus on strategies known to generate a quicker return on investment.

This often converges towards the bottom of the sales funnel. Why? Because companies have amassed vast prospect databases, filled CRMs with leads without always properly qualifying them (quantity was the goal), and focused on top-of-mind awareness at the expense of a unique selling proposition (USP) centric message.

Yet, the bottom of the funnel, the stage at which a prospect has become aware of, considered, and evaluated your product, is theoretically the "cheapest" stage to convert.

Every CMO I spoke with confirmed this: the bottom of the funnel has become their obsession, surpassing the quest for reach.

Customer Relationship Management (CRM), often neglected during periods of growth, is once again becoming the essential tool for conversion and retention.

GOING UPSELL

So, the bottom of the funnel.

And existing customers.

Another strategy that stands out, primarily in the SaaS world, is upselling.

To increase the ARPU (Average Revenue Per User), new features must be offered that are not only well-priced but also coherent. By coherent, I mean it's challenging to propose a feature that solely replaces another tool used elsewhere by the customer (i.e., is a CRM tool in a payment platform really that coherent?).

Yet, it's also not easy to introduce new features that might complicate the tool's usage, potentially lowering the product's utilization rate.

To address this, many CMOs have conducted in-depth user research to ensure their enhanced offerings will be quickly adopted.

There, speed of execution is key.

We must act fast, do it very well, and be confident. In this realm, I am fascinated by how quickly companies like Amenitiz release new features: their prioritization and execution logic is well-refined, ensuring each release significantly contributes. Their framework should be taught in many schools!

Upselling is, therefore, a solution, but in many ways, it's a one-shot deal.

So is the price increase.

I personally witnessed my Airtable subscription increase by 200%! Often because promotions were distributed haphazardly. When renewal time comes, it can be quite a shock.

I worry that this might lead to a high churn rate for these companies.

Why? Because the price-value of a tool can't be doubled in the customer's mind "just because" the company selling it decided so! And also because we've seen the phenomenon of "over-tooling" emerge in recent years.

One of the paths to profitability also lies in better cost management, including those tools that have piled up over months, creating a supposed Tower of Babel of the perfect stack.

STOP OVERTOOLING

Considering that an average company uses around 120 SaaS tools, it is evident that roughly 50% of these tools could be easily reevaluated. Every department within a company is affected. Marketing is no exception, having accumulated tools like Canva, Figma, Segment, Gorgias, Notion, and more. Often, certain platforms are neglected, and subscriptions are left unattended.

Two phenomena converge: "SaaS fatigue", which bewilders teams with the complexity of numerous external solutions, and the necessity to cut costs, compelling a rationalization of software usage and investments.

Here, we witness a notion (quite obvious as well) of returning to the essentials. In alignment with this concept, CMOs are reverting to more streamlined marketing mixes, a trend I tend to refer to as "one-channel focus."

THE ONE-CHANNEL & THE CONTENT DILEMMA

A marketing mix is always dominated by a channel. Often, it's LinkedIn for B2B, lead generation for private sales or training sites, and SEO for price comparison platforms (such as Liligo).

This dominant channel has proven its effectiveness (controlled CAC, monitored LTV, and assured volumes).

One of the crucial effects of tightening budgets is the focus on "this" channel.

The trend is thus to reduce explorations (or budgets allocated to testing new channels) to enhance the existing ones. SEO often emerges as a growth solution.

However, there's a dilemma — it's a long-term solution, contradicting the imperative of immediate growth. "Content," which fuels most channels, is one of these safe havens, although it doesn't guarantee an obvious top-line effect.

Even though it has never been neglected, it is still returning as the best platform for expressing unique selling points (USPs).

Because it is inexpensive to produce. Because it allows addressing the middle or bottom of the funnel. Because it's a muscle that can be trained for greater efficiency. Most importantly, it can be endlessly multiplied since the end of last year.

There is a fundamental change that some might reproach me for not addressing here: Artificial Intelligence.

AI AND FRACTIONALITY

What the CMOs I've spoken with unanimously agree on is that AI will inevitably change the game, although the extent of this change remains uncertain.

How will this revolution transform their strategies and lead them on the path to profitability?

The first visible effect is twofold:

- Almost all market tools now integrate AI, aiming, if not for immediate financial gains, for significant time savings on tasks that previously required coordination and planning efforts. The best example is video asset production. Content, in the broadest sense, is the first domain entirely redefined by a cohort of tools, with ChatGPT leading the way, granting managers tenfold production power.
- Consequently, there is a tendency to require fewer interactions and fewer people involved in many projects. This is not about highlighting the specter of human replacement by machines (not solely), but about recognizing that it is on these human time costs, assisted by AI, that companies rely on to achieve profitability more rapidly.

However, mastering these AI-boosted productivity tools is a substantial and profound endeavor in itself.

To achieve this, and as the latest trend, tech companies are leaning towards fractional work. They bring in experts at key moments and on specific topics. This isn't about resorting to consulting as we've known it in the past. In this field, too, things are changing dramatically.

"Fractionality" will instead involve having a constant contact person who is always present and can be called upon for specific tasks — not to create recommendations, but to execute precise things. In this regard, numerous offers are emerging in the market, providing access to qualified resources while determining the specific areas they will address.

In conclusion, it can be envisaged that not all companies will manage to find the path to profitability: overly complex business models, unattainable payback periods, teams disbanding, or investors losing interest.

Nevertheless, it is by combining caution, a return to proven strategies, and exploring new tools (such as AI or Fractionality) that CMOs contemplate 'making the cut,' which will pave the way for a future period of growth.

BOOTSTRAP AND FRUGALITY: SCALING A STARTUP WITH SCARCE RESOURCES

A RETROSPECTIVE EXPERIENCE

By THIBAULT RENOUF
CEO, PARTOO

ABOUT THE AUTHOR

Thibault is the CEO of Partoo, a French SaaS scale-up of 400 employees based in Paris and Barcelona. As a Business Angel, he also advises various startups in their development, such as Qobra or Lakaa. Thibault also likes to write and share his experience via the media Follow Tribe, which he founded in 2020, as well as Start to Scale, a book published in May 2023 which details much of what he has learned over the past 6 years (available on Amazon).

ABOUT PARTOO

Partoo is an all-in-one platform to help local businesses get closer to their clients. Partoo helps more than 300 000 local stores in 150 countries update their local information online, answer local reviews and convert their prospects through instant messaging. Partoo has more than 1000 large clients such as Carrefour, Leroy Merlin, Toyota or LCL.

In 2022, the main criteria to assess the success of a startup in public opinion was the amount of funds you had raised so far.

Now that the economy is not as robust as it once was, we're returning to the basics and finally talking more about bootstrapping. Those not-so-small companies that have been experiencing steady growth, away from the glamorous Series A or C rounds, are now reclaiming the spotlight and demonstrating the value of their model: Sylae, Lemlist, Superprof, Lucca... Some have even created their own networks to promote this alternative path, such as the Bootstrap Club — a French association dedicated to supporting bootstrap scale-ups.

From 2014 to 2019, Partoo cultivated a bootstrap business, reaching up to €3M in Annual Recurring Revenue. After raising €15M of debt in 2020, we managed to grow Partoo's revenues up to €30M. We have always cultivated a bootstrap mindset, and today, more than ever, we firmly believe it is the optimal path forward.

The aim of this article is not to discuss how to expand your business without external funding but rather to reflect on some of the benefits of this type of approach.

> **"Now that the economy is not as robust as it once was, we're returning to the basics."**

For those interested in exploring how to scale a B2B SaaS startup with a focus on sales performance, I have spent the past three years writing a book that summarizes all the best practices we employed at Partoo to grow our business. The book is titled 'Start to Scale.' *(link in the end of the article)*

Now, let's focus on frugality.

When it comes to spending your money wisely, frugality has four advantages, in my opinion.

It enables you to:

- Spend your money only on useful things
- Maximize the return on every investment
- Negotiate better terms with suppliers
- Foster innovation!

SPENDING MONEY ON USEFUL THINGS

As a company scale, it tends to often pay for non-essential items. Maintaining a mindset of frugality while scaling will force you to pay only for things you need!

This principle can be applied to various aspects of your business, including hiring employees, engaging freelancers, and purchasing software, among others.

For instance, when it comes to hiring, a frugal approach will compel you to recruit only for roles that address actual work needs — hiring the people you truly require. While the opposite might seem odd, lots of highly funded startups anticipate hires that are not yet needed, which leads some employees being recruited for unnecessary job positions.

A similar principle often applies to software investments. Numerous startups purchase gimmicky software that they ultimately never use. At Partoo, if some employees

advocate for the acquisition of a tool, they are tasked to implement it within their team as a pilot phase. If, after six months, the software is actively used and shows results, we roll it out more broadly; otherwise, we stop the project.

MAXIMIZING THE VALUE OF EACH INVESTMENT

There are four types of underutilization of an investment:

- Adoption is minimal — few people use it
- Usage is very low — people use it infrequently
- Usage is partial — some functionalities are unused
- Usage is redundant — two investments for a single need

This framework can be applied across any form of investment. The concept is even more evident in software utilization. For instance, 80% of startups, Partoo included, have a partial use of Salesforce. This is notably less common among self-financed companies, which aim to maximize their investment in Salesforce – or any software, for that matter!

At Partoo, our journey began with Pipedrive CRM, which we used until 2018. We then transitioned to Salesforce when the timing was right. We dedicated time to extracting as much value as possible from Salesforce and implemented it by ourselves to avoid the expensive services of a Salesforce Implementation Partner.

Addressing redundancy in usage was also key to making some savings. We used to work with both Intercom and Zoho Desk and decided to rationalize their usage by retaining only Intercom.

NEGOTIATE BETTER TERMS WITH SUPPLIERS

Being cautious over a few hundred or thousand euros might appear trivial or even pointless. Nonetheless, modest savings in the initial stages can represent large savings in the long term. This principle applies to various purchases, including external services, software suppliers, and office spaces.

Picture this: you wish to subscribe to 10 licenses for a new tool at €50/month, amounting to an annual budget of €6,000. The initial instinct of a self-funded company will be to negotiate this price, as any type of expense is perceived as a significant expenditure. On the other hand, a company that has recently secured funding might effortlessly accept the expense: after all, what is €6,000 when you've raised €2 million?

Fast forward to three years later: with 200 licenses, that identical tool will incur an annual expense of €120,000. However, your negotiating power has become less important as the tool is integrated into your operations, becoming indispensable to your team! The inevitable costs and complexities of switching become additional challenges. Given the budget constraints of a startup, such amounts are better considered from the beginning.

FOSTER INNOVATION

The concept that "frugality" fosters innovation originates from Jeff Bezos, who popularized it through Amazon's operations: "I think frugality drives innovation, just like other constraints do. One of the only ways to get out of a tight box is to invent your way out." The "Frugality Leadership Principle" is even a principle tested in Amazon job interviews, as it's more than an idea; it's a sought-after mindset.

Ingvar Kamprad, the former CEO of IKEA, was also renowned for his stinginess. Despite being a billionaire, he drove a 20-year old Volvo towards the end of his career. It was this frugality mindset that contributed to IKEA's success by providing affordable design to everyone. Another example can be found with the McDonald brothers, who, by designing McDonald's around a time constraint, effectively invented fast food.

Some contemporary large corporations have also embraced this philosophy, adopting "frugal innovation". The concept of "frugal innovation" refers to the process of reducing the complexity and cost of a good (such as a car or a phone) by removing nonessential features in order to sell it in developing countries.

As a self-financed startup, you'll inevitably face constraints in terms of time, money, and resources. But it's those constraints that will drive you to innovate constantly and be more agile than your competitors.

For Partoo, not being able to finance high-cost participation at select B2B trade shows forced us to be innovative in terms of communication. While most of our competitors were present at the same events, we focused our efforts on in-house webinars, co-marketing endeavors with partners or LinkedIn content. Occasionally, we've

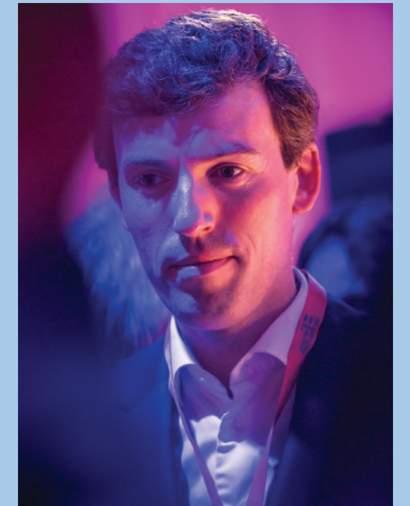
also developed our own tools (such as the Partoo Wiki, our internal knowledge base), created our own sales methodologies, and conducted internal training sessions based on the expertise of our employees.

At the end of the day, the resurgence of frugality may be the only positive development the recent crisis has brought to startups. A return to basics — prioritizing what is essential, distancing from extravagant expenditures, and embracing values like simplicity and transparency.

And with frugality and economic constraints might come innovation, encouraging a lot of startups to "invent their way out" and lay the foundation for a new generation of more profitable companies!

> **"As a self-financed startup, you'll inevitably face constraints in terms of time, money, and resources. But it's those constraints that will drive you to innovate constantly."**

BUILDING SUCCESSFUL VERTICAL SAAS BUSINESS FOR SMES



By FILIP VAN INNIS
PARTNER, FORTINO CAPITAL

ABOUT THE AUTHOR

Filip Van Innis is a partner in the VC practice of Fortino Capital. After 5 years at BCG, Filip has spent the last 7 years investing in the B2B SaaS ecosystem. Amongst others, Filip is involved in Salonkee (LUX), Vertuoza (BE), Techwolf (BE), Zaion (FR).

ABOUT FORTINO CAPITAL

Fortino Capital Partners is a European investment company with a focus on high-growth B2B software solutions managing two private equity funds and two venture capital funds. With offices in Belgium and the Netherlands, Fortino backs exceptional and ambitious entrepreneurs in North-Western Europe. Fortino's Venture Capital portfolio includes Vertuoza (BE), TechWolf (BE), GetVisibility (IR), Zaion (FR), Vaultspeed (BE), Salonkee (LUX), SIDES (DE), D2X (NL), and Kosli (NO) among others.

While the trend of vertical SME SaaS is on the rise, establishing a successful business in this domain is no easy task. It takes time, plenty of perseverance, money, and scalable processes.

From hairdressers to plumbers, from contractors to restaurants, small non-digital businesses like these are increasingly turning to specialized software tailored to their operations, challenges, and needs: vertical SME SaaS. Many entrepreneurs are gearing towards disrupting underdigitalized verticals. We try to give our mere perspectives on how successful vertical SaaS business can thrive in a venture capital context.

CHOOSE A BIG NICHE MARKET

By focusing on a vertical market, you're limiting your market potential as a company.

Particularly in VC-backed companies, the size of the TAM (Total Addressable Market) is very important. However, this turns out to be substantially larger than one would expect in a lot of vertical markets. Salonkee, for instance, targets salons such as beauty salons, hairdressers and spas. However, their potential market is not small. After all, Western Europe has 800,000 salons. Most don't yet have software that allows them to manage their business more efficiently and grow it.

SIDES in Germany initially focused on digitizing processes in larger restaurant chains as bigger contracts could be closed, soon realized that the bulk of individual restaurants were also a huge opportunity they couldn't pass up.

Small markets can also be attractive for building a great vertical SaaS company, but typically, it makes them less suitable for VC capital. That said, in recent years, some great companies have demonstrated that in a niche market, initially perceived as small, you can increase the TAM hugely by broadening your product offering once you've achieved a huge reach with customers. Market shares in excess of 50% are not an exception.

KNOW YOUR CUSTOMER'S PECULIARITIES

How do you convince the target group? A construction contractor doesn't want to implement software. A contractor wants to build houses or help customers. This means the software has to be really good, have a top-notch user experience, and implement hassle-free. You can only achieve this if you know your target sector and its workflow inside out, speak intensively to customers, build on their needs, and conduct frequent tests. In-depth understanding and industry knowledge are invaluable. Many successful vertical SaaS businesses literally come from the sector itself, and you get a lot of credit for that, like the founders of Vertuoza. Antoni Di Filippo had founded and used to run a construction company himself. He had a digital solution built for internal purposes. It was so good that fellow contractors were interested in using it too. Vertuoza has grown from there.

It's often simple things in your approach towards your target sector that make the difference.

In the case of contractors, it's typically better to contact and work with them during the weekend or in the evening rather than during their already crammed working week. Also in terms of outreach, it's better to approach them via Facebook, as very few of them are on LinkedIn.

A delighted customer is a sticky customer.

I see the potential, especially when I hear someone from the target group talking super-enthusiastically about the software and its implementation. I spoke to my hairdresser when she started using Salonkee. Previously, she mostly had problems with software packages. But now, she was genuinely enthusiastic about Salonkee's implementation and customer service.

That was a sign to me that it was a good fit. Notably as Salonkee was winning over competition, not just a greenfield opportunity.

This enthusiasm is indispensable for achieving growth acceleration. Professional groups have Facebook pages where they give each other tips. Delighted customers will definitively recommend your software there. So, some virality will help you accelerate once you get beyond the first good coverage in a region.

BENEFITS SHOULD 10X COSTS

What triggers potential customers most? Efficiency gains. Less administration and more growth and profit. Proof based on key metrics that your vertical SaaS solution delivers.

The standard I use? Let customers earn ten times what you cost them. Salonkee achieved substantial growth for its customers in the first year. The number of no-shows drops fundamentally, new appointments are made more easily, costs are reduced, and the administration is largely taken out of their hands.

BE EXTREMELY AMBITIOUS

The more ambitious the founders, the greater the success. Local vertical SaaS businesses that are happy just to cover their developments and wages will lose out to those determined to make the whole of Europe their customer. It takes years to be successful. Only those who dare to set big targets and work hard day after day to meet them will make it.

The first years are very hard. Perseverance is the only way to gain a foothold in your market.

The first thousand customers demand far more effort than the next thousand.

"The more ambitious the founders, the greater the success."

BOOTS ON THE GROUND

Founders are not alone in doing this evangelical work. Successful vertical SaaS businesses have an ambitious team. And often with (sales) boots on the ground in all countries/regions, which can seem paradoxical selling digital products. Cold-calling and door-to-door prospecting are the best ways to turn non-digital companies into customers. Draw up an execution playbook with scalable, detailed processes. Train your employees. Organize weekly sales meetings and permanent evaluations.

And... stick to the plan. New employees tend to change plans and processes. They believe they can make improvements. But the problem is that this causes the processes to constantly change. And that's fatal. Once you've established a working process and narrative that works, you cannot deviate from it. Every newcomer has to be trained in this process, and those who don't follow the procedures or don't meet the targets should be let go.

This is why I recommend 30 per cent over-recruitment in sales with a focus on 'hire for attitude'. This leaves room to retain only the best.

I know founders who listen to and analyze all recorded (digital) sales conversations during the weekends, often using AI-driven tools to speed up the process. Based on this, they spend the next working week tweaking their weekly internal training, where improvement is needed.

For vertical B2B SME SaaS in particular, there are three crucial success factors: being good at fundraising, being good at hiring people, and being good at selling to prospects. Hence, you need to be 3 times good at selling (your vision, your company, your product).

UPSELL WITH PROFITABLE ACTIVITIES

The most successful global vertical SaaS businesses often earn more over time from commissions on services they integrate than from recurring revenue on their software. US-based Toast, for example, evolved into a multi-product platform that derives 82% of its revenue from financial services.[1]

When you've built relationships with customers and manage critical points in their workflow, embedding other products/services is the way to exponential growth. Why couldn't Salonkee support beauty product representatives? The same applies to suppliers of hairdressing and wellness materials, financial service providers, organizers of trade fairs, etc.

Doctolib in France is also expanding its services to medical service providers. Several providers in the hotel sector are increasingly automating processes within hotels. Construction software could link electricians and roofers to contractors. Hairdressers could generate leads for beauty salons.

BE GOOD AT FUNDRAISING, RECRUITING AND SALES

In entrepreneurship in general, but in vertical B2B SME SaaS in particular, if you want to grow big, there are three crucial success factors. Being good at fundraising, being good at hiring sales people (boots on the ground), and being good at selling. In itself, this comes down to being good at selling in three ways:

- Selling your vision and project to investors
- Selling your ambition to future employees
- Ensuring your constantly growing sales team sells your product

[1]Article "Lessons From Toast on Multiproduct Vertical SaaS" by Fractal Software Published on Medium

HOW CAN COMPANIES LEVERAGE A SUSTAINABILITY AGENDA

IN A TIME WHERE THE MINDSET IS 'DARE TO SURVIVE'

By LAETITIA CARLE
COO & MANAGING DIRECTOR FRANCE, GREENLY

ABOUT THE AUTHOR

Laetitia Carle is the COO and Managing Director France of Greenly. She joined the company in 2022 to help the startup structure its growth and rapidly evolved to the top management of the firm. Prior to joining Greenly, she started her career as a Technology Investment Banker, supporting larger tech companies on their M&A, IPOs, and fundraising. She graduated from the London School of Economics and University Paris Dauphine.

ABOUT GREENLY

Founded in October 2019 by Alexis Normand (CEO, ex-Health Director of Withings, HEC, Sciences-Po, launched the Boston office of Withings and Techstars), Matthieu Vegreville (CTO, X-Telecom, data scientist at Withings) and Arnaud Delubac (CMO, ESSEC-Centrale, INSEE, previously in charge of digital communication in the Prime Minister's office), Greenly is the world's first carbon accounting platform with +1,500 corporate clients in France, the United Kingdom and the United States.

In 2023, the global landscape is marked by economic volatility, political turbulence, and environmental crisis. Businesses face unprecedented challenges and uncertainties and struggle to stay afloat while also enduring the pressure from their ecosystem on sustainability action. With climate reporting regulations still being shy on the smallest businesses (European CSRD being a pioneer and lowering the bar to 250 employees + companies in 2024), one could easily argue that an ESG strategy is nice to have for those companies, and that their focus should be on financial sustainability. However, there are also compelling arguments that leveraging a sustainability agenda can be an opportunity and not a burden and that companies should engage in concrete climate action not only to survive but to thrive in these turbulent times. A serius commitment to sustainability is more than just a feel-good initiative — it's a strategic imperative.

A COMPETITIVE ADVANTAGE IN BUSINESS DEVELOPMENT

As most businesses are transitioning to ESG strategies, should it be because of the strategic advantages or regulations, sustainability has become a critical factor in business relationships. Companies that can demonstrate a commitment to reducing their environmental impact have a distinct competitive advantage. A good indicator of that is that we observe more and more requests for proposals, including questions around climate strategy. When potential customers have the choice between two similar businesses, they are more likely to choose the one with a proven commitment to sustainability. It's no longer enough to offer quality products or services; companies must also align with the values of their clientele.

This is particularly true in carbon emissions, which are not only qualitative but quantitative: as suppliers, businesses are now part of the Scope 3 (indirect emissions) of their clients. Tick-the-box climate disclosure is no longer sufficient, as the client needs to report the precise amount of emissions of their suppliers and include their reduction trajectories in their own. In that sense, regulations are trickling down the supply chain: as large groups must report their Scope 3, smaller businesses are impacted by reporting directives.

"A serious commitment to sustainability is more than just a feel-good initiative — it's a strategic imperative."

ESSENTIAL FOR BRAND IDENTITY

The above point is mostly B2B-centric, but the same thinking applies to B2C business development and, more precisely, brand identity. A strong brand is a company's most valuable asset. Sustainability is no longer a peripheral aspect of branding; it's a core component. A robust environmental strategy contributes to a positive brand identity, fostering trust and loyalty among consumers. As consumers become more and more aware and educated, they are quick to scrutinize a company's environmental impact. Embracing sustainability isn't just a marketing gimmick; it's a long-term investment in brand integrity.

ACCESS TO FUNDING

The financial industry being one of the most regulated ones, climate disclosure regulations did not spare banks and investment funds. For example, in Europe, the SFDR and European Taxonomy are imposing more transparency on the concrete actions taken by investment funds, claiming to have a positive impact. And, in the same way, as suppliers are part of the emissions of their clients, the Scope 3 of these banks and investment funds are their borrowers or portfolio companies. The disclosure regulations weighing on the financial sector is also flow down the value chain to all companies financed by regulated institutions.

As capital flows are evolving to favor greener initiatives, companies with solid sustainability strategies benefit from clear advantages when it comes to access to capital. For example, banks are offering interest rate discounts to businesses reporting their emissions and a reduction trajectory. Environmental risk is a financial risk that impacts the cost of capital. When it comes to business survival, this is maybe the most concrete argument for the opportunity that lies in setting an ambitious and well-defined climate strategy.

ATTRACTING AND RETAINING TOP TALENT

Talent acquisition and retention have always been at the core of a company's success. In a post-COVID era with millennials and Gen Z entering the workforce, employees place a high value on sustainable practices. Companies that embrace sustainability demonstrate a commitment to a better future, making them more appealing to top talent. Moreover, a strong sustainability agenda can boost employee morale and engagement. Employees want to work for organizations that align with their values and offer a sense of purpose beyond profit.

But this trend is not confined to just the younger generation. Even experienced workers are now increasingly inclined to switch jobs in favor of companies focused on making the world a better place. My own journey is a good example of this. Before the COVID-19 pandemic, I worked in investment banking. I thoroughly enjoyed my role and my team, but I felt a strong calling to contribute to a mission aimed at addressing the pressing issue of climate change. Initially, I began by making personal lifestyle changes, but it quickly became evident that my daily work tasks weren't aligned with my personal aspirations.

Fast forward three years, and I find myself now at the leadership of the world-leading carbon management platform, guiding thousands of companies on a path to net zero. My ecological anxiety has vanished. Importantly, my story is not an isolated one. Increasingly, my colleagues are reaching out to seek advice on how to transition into roles with a climate-related focus.

HOW TO GET THERE

All of this being said, while sustainability may be a great opportunity, it is paramount that it becomes accessible to all companies. While large groups can hire an army of ESG pro-

fessionals and pay for extensive men-hours from top consulting firms, smaller businesses might not have this luxury. Some aspects of setting a sustainable strategy, notably carbon accounting, can be very technical and seem out of reach for some firms.

Technology and innovation have a crucial role to play in the democratization of sustainability across businesses. Big data, artificial intelligence, software, low-code applications, or APIs can be leveraged to make climate and social action intuitive, collaborative, and cost-efficient. In the past 5 years, an ecosystem of startups emerged to support companies with limited budgets in embarking on a climate journey and making significant strides in reducing their impact on the planet. The excuse of limited resources and maturity is becoming increasingly untenable as cost-effective solutions proliferate, which feed virtuous effects as more companies engage their ecosystems in a path to net zero.

In conclusion, the notion that sustainability is a luxury that companies can afford to ignore in the pursuit of survival is misguided. In fact, embracing sustainability is not only compatible with survival but is a pragmatic imperative for thriving in the modern business landscape. Reporting carbon emissions and committing to sustainable practices offer competitive advantages, enhance brand identity, lower cost of capital, and attract top talent. As the macroeconomic environment gets harder to navigate and companies fight for survival, they must recognize that the sustainability agenda is not just a moral obligation – it's a strategic necessity for long-term success. Companies that fail to act will lag behind and miss key strategic opportunities, while those that embrace sustainability will position themselves as industry leaders. And this is just the beginning.

THE STATE OF RECRUITING AT THE END OF 2023 AND PROJECTIONS FOR THE NEXT 6 MONTHS

THE KEY DATA AND ADVICE FOR FOUNDERS OF SAAS STARTUPS & SCALE-UPS

By ROBIN CHOY
CEO, HIRESWEET

ABOUT THE AUTHOR

Robin Choy is the founding CEO at HireSweet, a French startup building software for recruiters & recruiting teams. He also hosts the podcast The Modern Recruiter. He now lives in San Francisco.

ABOUT HIRESWEET

HireSweet worked with over 1200 companies to help Talent Acquisition teams and Hiring managers hire better & faster. HireSweet operates two main products: HireSweet Marketplace, a pool of pre-vetted tech talent open to opportunities, and HireSweet CRM, a productivity software for recruiting teams (internal as well as staffing).

The year 2023, for the SaaS scale-up ecosystem, has been nothing short of a rollercoaster, especially when it comes to recruiting. To make sense of the present, one must journey back to the events that set the stage.

THE MARKET SHIFT

The startup world was hit hard in late 2022 — a deep, unmistakable shift in the economic winds. Startups raised a mere 4.2 billion euros in H1 2023, a steep 49% drop from H1 2022. How did we get there?

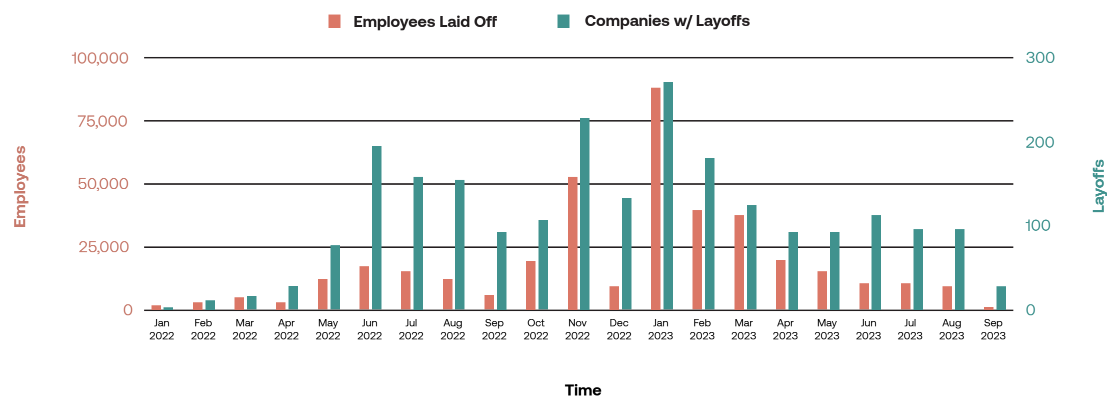
In May 2022, Sequoia Capital released a memo titled "Adapting to Endure". It urged startups to pivot towards sustainability and profitability, reflecting the industry's evolving sentiment after the fundraising environment was strongly impacted by central banks hiking rates around the world. The memo, publicly released in June 2022, resonated across the industry. Then came the layoffs.

The US was first, with Europe and France not far behind. The dynamics shifted quickly. Hiring plans were revised, and recruiting teams were reduced to their bare minimum. The peak in the US was reached in January 2023 (see graph from layoff tracker Layoff.fyi).

France's response was more measured, reflecting its distinct labor market dynamics (and mandatory 3-month notice period). Only in May 2023 did we hear the first deterioration in numbers (though insiders had been feeling it since February) in a report by Numeum titled "The job market in French startups deteriorates for the first time since the beginning of the year". The study observed, "the startups that were laying off workers increased by 50% versus the previous month". Companies quickly adapted to the new market rule: let's forget growth at all costs, and focus on profitability. Applied to recruiting, this means no more recruiting like crazy just for the sake of hitting the target. Let's take our time and make sure we hire the right person.

At the same time, the rise of Generative AI offered substantial promises of productivity gains and opened up new questions: Would AI streamline operations, making companies leaner and more efficient? Would they ever need to hire as many people as before?

Tech layoffs in 2022-2023
Source: https://layoffs.fyi



The last major element in the equation: the question of remote work. Where should we hire? What should be our remote work policies? France mostly decided to go with "let's all get back to the office". While countries like the U.S., UK, and Canada had embraced remote work, averaging over 1.5 remote work days per employee per week, France lagged, averaging only 0.6 days.

And these radical and rapid changes created a new world of recruiting.

THE NEW WORLD OF RECRUITING

After almost a decade of a candidate-driven market, power seemed to get back into the hands of companies.

Ashby's 2023 Trends Report highlighted a paradox: while applications per role doubled, recruiter productivity took a hit, declining from 5.6 hires per recruiter per quarter to 4.6. How the heck could it be possible? Power back to companies, right?

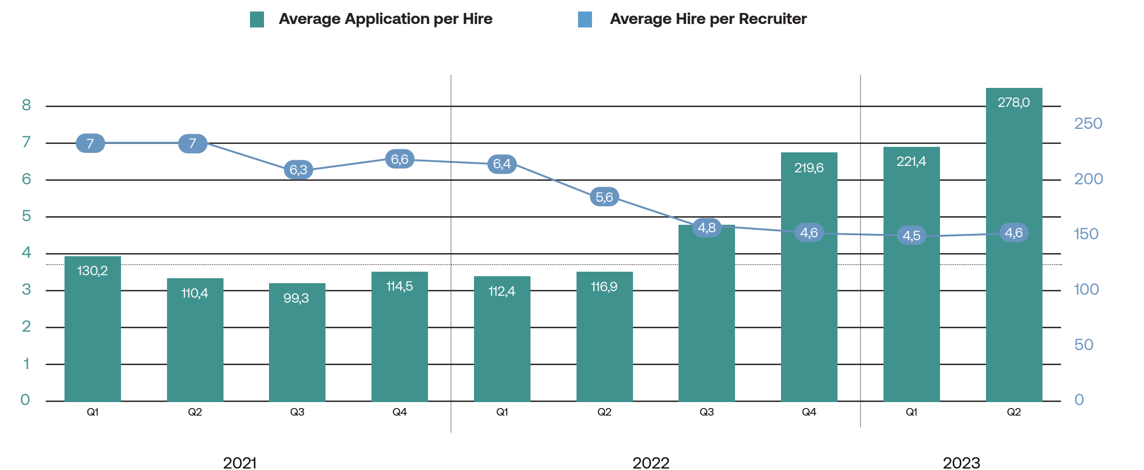
Well, it's not that simple. First, employee engagement has been on a steady decline over the past two years. After reaching a peak in 2020, there had been a consistent dip, hitting 32% in 2022 and only slightly recovering to 34% in mid-2023, after a Gallup study. The reasons were multifaceted (including the question of remote work). Disengagement implied lower productivity and additional recruiting needs.

On the other end, with the market's volatility, employees cling to their jobs, hesitant to take the risk of changing companies. So, while the pool of applicants grows, securing top-tier talent becomes harder.

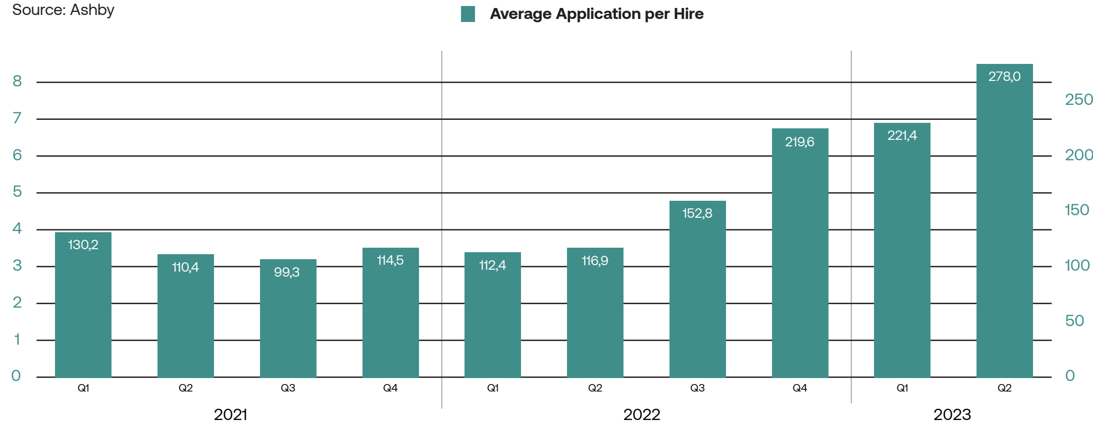
There's also an AI effect to the increase in applications, with lots of applicants using AI to generate personalized applications automatically and save time.

Companies that need to adapt to the changing environment started revamping their hiring processes, re-assessing their Applicant Tracking Systems. The focus shifted from merely filling roles to ensuring those roles were filled with the right talent.

The rate of hires per recruiter has decreased while application volume has increased
Source: Ashby



The volume of applications per hire has increased 178%
Source: Ashby



WHAT DO WE DO WITH THIS? HOW SHOULD WE APPROACH HIRING?

It's hard to make predictions in such an uncertain market. At the same time, not being able to make predictions is pretty significant in itself: We can expect that companies will rely more on on-demand talent (RPOs for recruiting, contractors, freelancers, consulting firms, etc.) until they have more visibility.

While the current recruiting climate might appear overwhelmingly company-driven, it's essential for businesses to remain vigilant. Rapid market fluctuations could tilt the balance in favor of candidates sooner than anticipated. To navigate this, companies must prioritize genuine engagement with potential hires, avoiding the temptation to undercut offers, as this can quickly tarnish their reputation.

All companies also need to adopt the new operating system when it comes to recruiting. Not "more" but "better", even if it takes longer. Companies will still need to grow a healthy pipeline and keep on nurturing their best prospective candidates because it now takes more energy to convince one person.

Then: assessment.

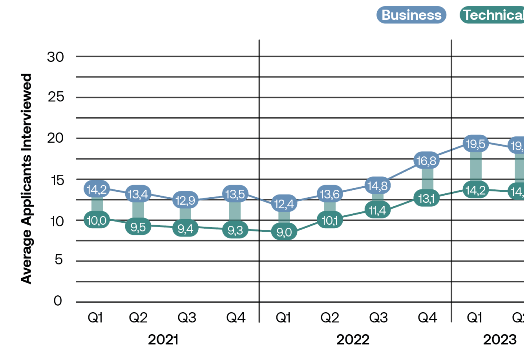
While it might require more time and resources upfront, ensuring a fit between the candidate and the role will be more important than ever. The main target no longer is talent velocity (how fast we're able to hit our recruiting targets) to talent density (how can we reach our business targets with the smallest amount possible of high-quality people).

Ashby's report shows that companies spend ~50% more time interviewing for one hire compared to a year ago, and we can expect this will remain high.

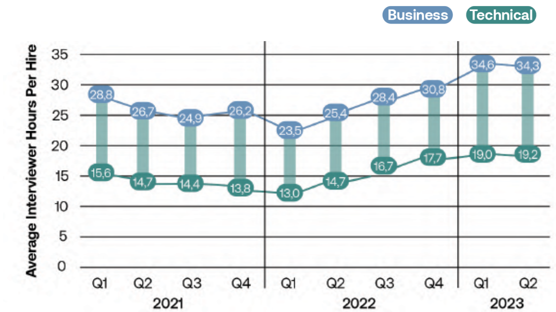
Building and maintaining direct relationships with potential candidates is also vital. In an era where AI-driven content will become more and more abundant, it will become harder to be the signal among the noise. Companies should keep on working on building unique differentiators and their employer brand.

Last but not least, the role of recruiting professionals should be more strategic than ever. Instead of viewing them as mere executors of a hiring plan, they should be integrated as strategic advisors, equipped to not just fill positions but to attract top-tier talent. Smart companies will involve their recruiting team in the strategic decisions and empower them to take more time if it means hiring a better candidate. They should also be empowered to work on longer-term projects: strengthening employer branding and nurturing prospective candidates.

Average Applications Interviewed per Hire has increased across Business and Technical Roles



Average Interviewer Hours Per Hire Have Increased Across Business and Technical Roles



SOURCES

Baromètre FD x EY 2023 sur la performance économique et sociale des startups

Dans les start-up françaises, l'euphorie des recrutements est terminée

Ashby's 2023 Trends Report | Trends in Recruiter Productivity

French Tech: vague de licenciements dans les startups, sous la pression des investisseurs

Communiqué de presse: le marché de l'emploi dans les start-up françaises se dégrade pour la première fois depuis le début de l'année

Are Remote Workers and Their Organizations Drifting Apart?

Layoffs FYI - Layoff tracker

Les Echos - La France parmi les pays les plus réfractaires au télétravail

CASE STUDY MODJO

Section

06

Highlights from one of the ongoing Atscale engagements on sales team structuring

BEST PRACTICE FOR STRUCTURING A SALES TEAM

FROM ATSCALE ONGOING ENGAGEMENT WITH MODJO

atscale

MODJO

FEBRUARY, 2023 - ONGOING

ATSCALE ENGAGEMENT WITH MODJO

ABOUT MODJO

Modjo's conversational intelligence helps tech organizations understand their market, boost their teams' performance and identify their customers' needs.

CONTEXT OF THE COLLABORATION

The goal of collaboration between Atscale and Modjo was to structure their sales team and make the most out of it through:

- Sales performance management
- Sales execution

Key objectives included:

- Getting the BDR and AE team back on track performance-wise
- Structuring the performance management framework of the sales team
- Globally leveling-up the sales team, boosting seniority at all levels of organization from individual contributors to the leadership team

The primary focus of the Atscale approach was on understanding what was already working well to capitalize on, and what was not working and required urgent changes.

After diagnosing the situation, we tackled objectives by acting as interim VP of Sales.

SALES PERFORMANCE MANAGEMENT

Achieving a clear view on the way Modjo is monitoring performance:

- Anticipating performance on current quarter and next quarters

Upskilling the managers on the way they manage teams and drive performance, from setting the right routines to under- and top-performance management:

- Specific coaching plans for ICs, who were starting to have KPIs in the red zone
- Performance plans for ICs who were underperforming on a regular basis

Improving sales performance culture with sales floor animation automatisms:

- Organizing competitions
- Organizing weekly blitz (regular collective high intensity sessions within the week)
- Putting in place sales awards ceremony for top achievers

Creating new tools to monitor performance:

- Developing a new forecasting tool
- Developing a BDR performance monitoring tool

RECOMMENDATIONS

We recommend answering these three questions to boost the performance of your sales team:

- What kind of tool do you need to monitor your team's performance the right way?
- What can you do to help your underperforming reps?
- How can you help the managers to have a better understanding on where their team stands and why they are underperforming?

SALES EXECUTION

BDRs

Changing the overall scope of the BDRs:

- Moving away from a mix of prospection-qualification into 100% pipeline generation scope, which increased the number of oppo from BDRs by 50% in one week

Amending the prospection philosophy from booking a meeting as soon as possible to engaging in interesting business conversations with prospects:

- Having conversations with prospects helps to qualify a lead properly and engage in further discussions in the most efficient way
- It also helps to boost the effectiveness of BDRs as this type of cold calling is more interesting to perform

Reviewing the scripts and the prospection playbook for BDRs:

- Atscale fully revamped the elevator pitch to make it more clear, engaging, and sharp in terms of structure
- The major change included highlighting the value proposition and benefits for the prospects very early on in the pitch

AEs

Rebuilding the entire sales process in terms of structure and content:

- Prospection
- Discovery
- Demo
- Proposal
- Closing

Training the team to achieve a harmonized execution within the new sales process:

- A specific workshop to train the teams for each step of the sales process, to make sure we have the right structure, and above all — the right content at each step of the process

Operationally coaching and mentoring each individual contributor of the AE team:

- Weekly 1:1s with the managers to review the performance, the forecasts, and tackle the blind spots
- Coaching with BDRs: the philosophy of prospection and creation of engaging conversations during the cold calling sessions
- Coaching for AEs: pipeline and forecast management in order to make sure that we are never short on target on the current and the following quarter

RECOMMENDATIONS

We advise you to make sure that you have built a playbook for each and every step of your sales cycle.

And as you are on the run — make sure that everybody on the team is mastering and executing your playbook.

IMPACT

- 50% increase in the number of opportunities generated by the BDRs

  Thanks to a process change and the strengthening of the TL BDR
- Achieving 110% of the target by the BDR team (vs 75% in the last 4 quarters)

  After the first quarter of intervention
- Achieving 100% by the AE team (vs 70% in the last 4 quarters)

  After the first quarter of intervention
- New governance between the VP Sales and their managers to drive the performance of the revenue team
- New experienced leader in place and a new organization that will enable the scaling of the revenue team over the next 3 years

Paul **BERLOTY**

CEO & CO-FOUNDER MODJO

"In only a couple of weeks, Atscale has changed the game here and turned around the performance of the whole revenue team"

The partnership with Modjo originated from a personal network of Atscale

ATSCALE HIGH-LIGHTS

Section

07

The latest updates we are proud to share

ATSCALE RECENT ACHIEVEMENTS

WE'VE EXPANDED OUR OPERATIONS IN EUROPE

H1 2023 marked the first steps towards our international expansion as we conducted our first engagements in the Netherlands and in Turkey. In H2 2023, we experienced a much higher international demand as we opened the German market. We conducted several engagements there and one in Estonia. We believe, based on our pipeline, that we could generate more than a third of our revenue from Germany next year.

WE'VE LAUNCHED TALENT ATSCALE AGAIN

Resilience is key! And our vision remains unchanged. We want to enable entrepreneurs to build successful companies. Talent Atscale, our executive search subsidiary, failed last year. Launched in June, killed in December.

Fortunately, Thomas Nivol crossed our road this summer and agreed to relaunch it, endorsing the role of Managing Director for Talent Atscale.

Let's see what the future holds for us, but we've learned from our mistakes; hence, although we're not underestimating how hard it is to launch a new activity, we know what not to do! That's a good starting point, right?

WE'VE HAD A GREAT YEAR!

Following our high YoY growth from 2021 to 2022 (350%), we've over-hired in H1 2022, leading us to ultimately downsize our number of full-time employees in H2 2022.

In 2023, as planned, we've restructured our operations with rationalized marketing spend, a better balance between FTEs and externals, and, most importantly, we've built a sustainable new business machine to deliver against our revenue goals.

Like for many companies, 2022 was turbulent, but by building the right plans and taking the sometimes tough decisions, 2023 has offered us our best year since the creation of Atscale. Our activity is booming in our domestic market and abroad, and we're now planning for 2024 with confidence to keep growing our business lines on all fronts.

CREDITS

Access Perspectives website
for more information

Produced by Atscale
Visit the website: at-scale.co

Follow Atscale on LinkedIn: @atscalepartners

Director of the magazine **Stephane Azamar-Krier** – stephane@at-scale.co

Editor in Chief **Natalia Housse** – natalia@at-scale.co

Authors **Stephane Azamar-Krier, Elina Berrebi, Gilles Bertaux, Laetitia Carle, Robin Choy, Vincent Coirier, Julien Creuze, Adrien Hugon, Sebastien Jacquemoud, Evan Kervella, Asya Kotler, Reinder Lubbers, Hedi Mardisoo, Thibault Renouf, Laetitia Ribier Costa, Aubin Rioufol, Guillaume Rostand, Michele Rozzi, Kyle O'Brien, Antoine Scalia, Malte Scholz, Amaury Sepulchre, Filip Van Innis, Evelien Varkevisser**

Magazine layout and design **Inés Barea** – inesbarea96@gmail.com

Cover and logo design **Elodie Lucas** – elod.lucas@gmail.com

Illustrations **Provided by Singulart** – singulart.com

Printing Pulsio Print
pulsioprint.com
Published on FSC paper from
responsible sources

JOIN OUR TREND OBSERVER

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

NOTES

Perspectives

by atscale

Perspectives is a bi-annual observer for leaders in tech, launched in 2023 by Atscale.

The magazine's objective is to provide a comprehensive overview of the tech landscape for the upcoming semester.

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.