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Online marketplaces entering the next phase.

Supported by



June 2020



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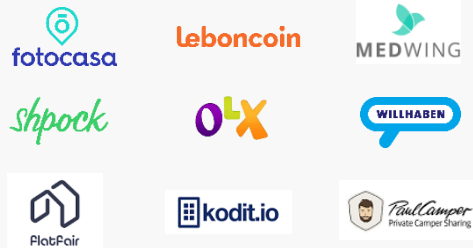
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Adevinta

Building and scaling marketplaces globally

Adevinta's venture arm supports entrepreneurs financially and operationally

Investments & operations:

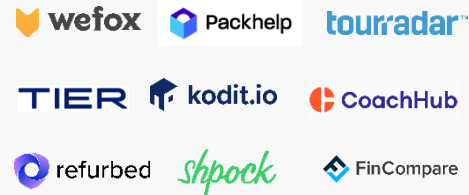


Pan-European seed stage venture capital fund

150+ new investments since 2013

\$1.1B+ raised by portfolio since 2013

Selected investments:



Seed stage venture capital fund in Europe beyond

143 new investments since 2013

\$4.5B raised by portfolio since 2013

Selected investments:



This report contains interviews with:

TIER

Docplanner

MEDWING

ESTATEGURU

kodit.io

BRAINLY

Digital adoption has been rapidly accelerated by Covid-19 crisis. But the big digital wave is still ahead of us.

Everything was already moving online. Now this is happening even faster. Online marketplaces have a combined value of \$814 billion globally. The biggest consumer categories are still largely undigitised.

Covid-19 has created short-term winners and losers. But the more structural impact is that trends that were already under way have been accelerated. 58% of consumer marketplaces could be well positioned to navigate the crisis, while another 23% might experience a sharp “V-shaped” recovery.

Recent months have shown how online marketplaces have become part of society’s critical infrastructure.

The Covid-19 crisis has demonstrated how critical online consumer services and technology are for many aspects of society and the economy. We’re entering a new phase in the ongoing evolution of online marketplace models.

Startups are colliding with the offline world, its regulations and its laws of physics, which sometimes impact unit economics. The crisis may also impact funding sources for startups, leading to an increased focus on profitability.

By unlocking supply, the next generation of marketplaces can play a role in solving some of society's most pressing issues.

Mobility – Many European have unveiled big plans to reduce congestion and expand mobility.

Housing – Shortages, access to home ownership and sustainability are key themes.

Healthcare – Consumer healthcare is embracing telemedicine, AI and predictive diagnostics.

Work – Corporates are embracing remote work, while freelance, gig & passion workers are using match-making and distribution platforms.

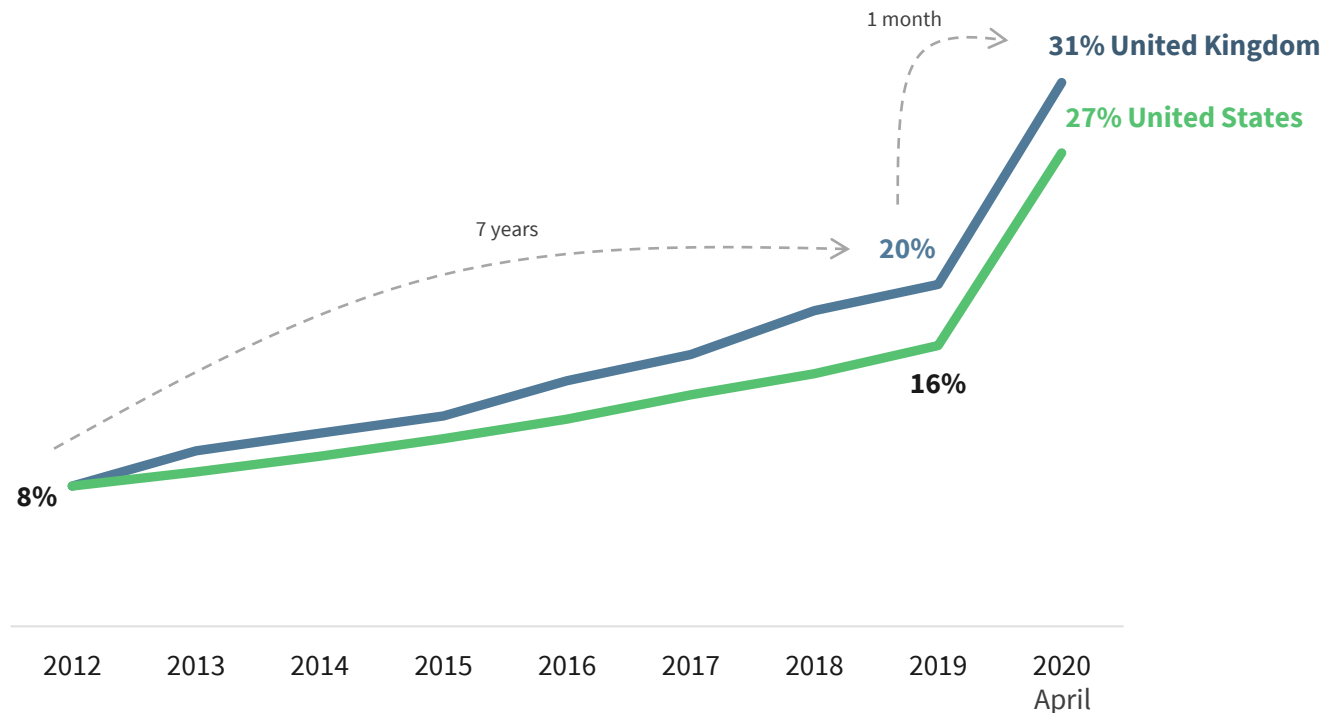
Education – Following Covid-19, the lines are now blurred between physical and digital classrooms.

Digital adoption is accelerating.

Everything was already moving online. Now this is happening even faster. Online marketplaces have a combined value of \$814 billion globally. But the real opportunity is still ahead of us. While segments like travel and fashion have gone digital, the biggest consumer categories are still largely undigitised. Covid-19 has created short-term winners and losers. But the more structural impact is that trends that were already under way have been accelerated.

Everything was already moving online. Now, nearly a decade of change happened in just a few weeks time.

Online share of retail sales



Source: ONS and US Department of Commerce for online share of retail
1. Stanford/GfK via Benedict Evans

- It used to be books and electronics, now literally everything is sold and purchased online
- Key drivers have been convenience, speed, selection, safety and after sales & support
- Online retail is made up of traditional eCommerce, but also marketplaces, on-demand services, direct-to-consumer and other models
- Share of retail sales understates things, as online is part of nearly every buyer journey
- Online transactions have become the default for most people, even when it comes to finding a spouse: 40% of US couples now meet online ⁽¹⁾
- Due to the lockdown, the next decade of digital adoption happened in the space of a few weeks
- People have formed new habits in new categories like groceries, education and healthcare

Mobile app data shows rapid digital adoption. Especially in areas that were previously slow to adopt, such as education and groceries.

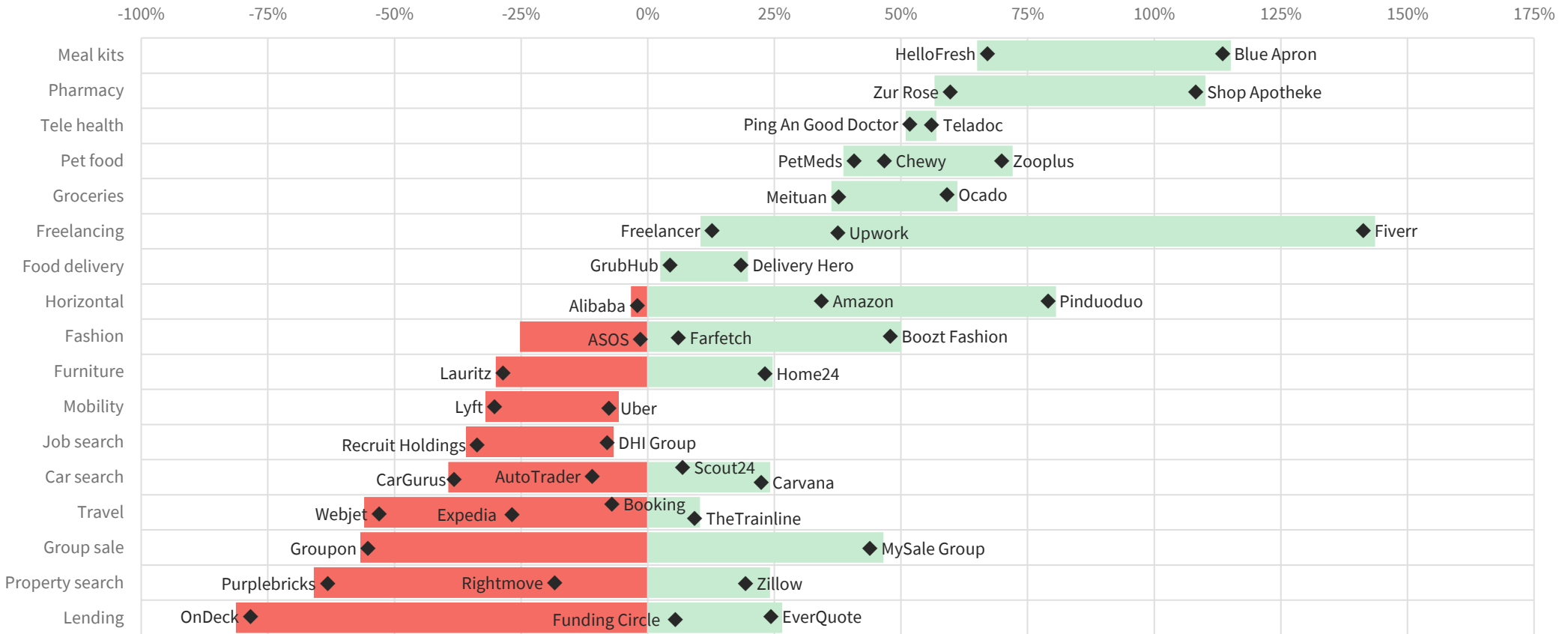
App downloads: January 2020 vs March 2020 ⁽¹⁾

<p>Education</p>		<ul style="list-style-type: none"> ✓ Home schooling during lockdown ✓ Adult reskilling driven by changing employment landscape and demand
<p>Groceries, meal kits, farm-to-table</p>		<ul style="list-style-type: none"> ✓ Consumer habits had been slow to change, but now online grocers can barely keep up with demand ✓ Meal kits and farm-to-table apps are accelerating
<p>On-demand (food) delivery</p>		<ul style="list-style-type: none"> ✓ Dining out is partly replaced by ordering in ✗ Reduced supply as some restaurants are closing ✗ Is premium service viable during recession? ✗ Increased focus on profitability by investors
<p>Fintech</p>		<ul style="list-style-type: none"> ✗ Capital intensity: marketing (e.g. billboards) to sustain growth ✗ Lower economic activity due to recession ✗ Lending: lower margins and rising delinquencies ✓ Demand boost for certain insurance types incl. health ✓ Trading and robo-advisors benefit from volatility
<p>Mobility</p>		<ul style="list-style-type: none"> ✗ Mobility hit hard across the board, in short term ✓ As cities re-open, increased demand for individualised travel ✓ Cities including Paris and London have unveiled ambitious plans to reduce car congestion (plus for micromobility)

Source: Dealroom.co analysis of SimilarWeb data (Google Play)

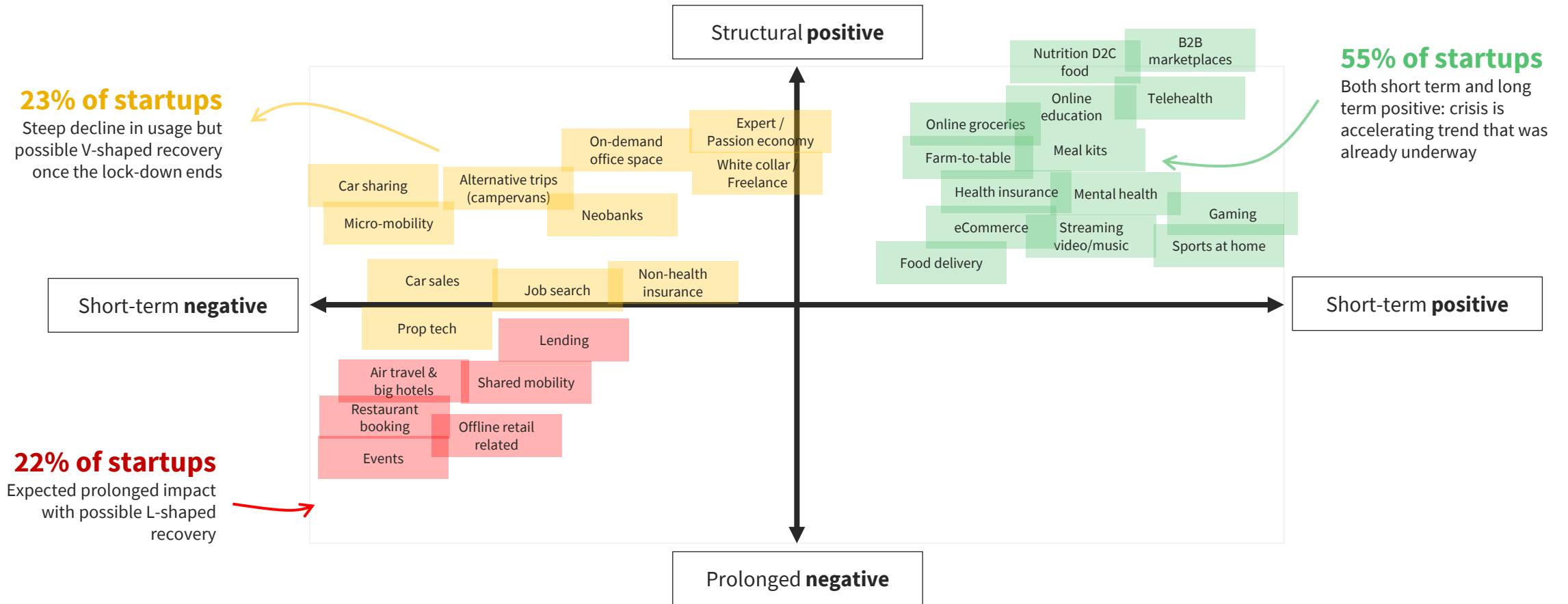
Changes in consumer behavior are expected to be structural, not just temporary, based on stock market movements.

% change in share price since January 31



Source: Dealroom.co and Google Finance data as of May 27 2020

Segments like micro-mobility face short-term impact but might experience a V-shaped recovery once lockdowns end. Events, restaurants and air travel could face a prolonged impact.



Source: Dealroom.co analysis of marketplace startups. Indicative analysis based on share price movements of public comparable, website and app analytics, news and anecdotal evidence.



















55% of consumer marketplaces could be well positioned to navigate the crisis, while another 23% might experience sharp recovery.

<p>55% Net positive 6,104 startups</p>	<p>Consumer health (590)</p> <p>Docplanner KRY Doctolib babylon Calm</p>	<p>Education (340)</p> <p>UDACITY COURSERA Lambda OPENCLASSROOMS</p>	<p>Gaming (115)</p> <p>twitch Career Coach caffeine</p>	<p>Groceries (90)</p> <p>instacart bigbasket RICE cr'sp Supermercato24</p>
	<p>Delivery (560)</p> <p>deliveroo JUST EAT Takeaway.com Rappi Wolt</p>	<p>eCommerce (1,269)</p> <p>Vinted Vestiaire Collective POSHMARK</p>	<p>White-collar / freelance (140)</p> <p>HIRED Vetterly MEDWING</p>	<p>Passion economy (70)</p> <p>Udemy CoachHub loots meero</p>
	<p>23% Short-term impact (V-shaped recovery) 2,561 startups</p>	<p>Proptech (544)</p> <p>kodit.io McMakler Opendoor</p>	<p>Lending (232)</p> <p>Trussle Pretto ZOPA lendinvest</p>	<p>Banking and insurance (120)</p> <p>monzo N26 STARLING BANK wefox OakNorth</p>
<p>22% Prolonged impact (L-shaped recovery) 2,447 startups</p>	<p>Travel (836)</p> <p>GET YOUR GUIDE TravelPerk OYO traveloka Tiqets</p>	<p>Shared mobility (830)</p> <p>FLIXBUS omio Bolt Bla Bla Car lyft</p>	<p>Events (367)</p> <p>SeatGeek pollen fever peerspace</p>	<p>Blue collar gigs (320)</p> <p>RIGUP Helping cornerjob jobandtalent</p>

Source: Dealroom.co. Indicative analysis based on share price movements of public comparable, website and app analytics, news and anecdotal evidence.




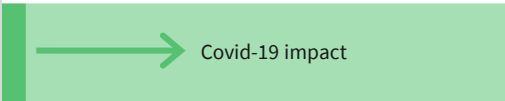



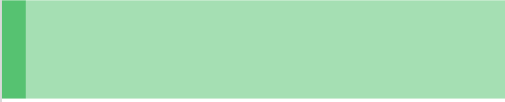



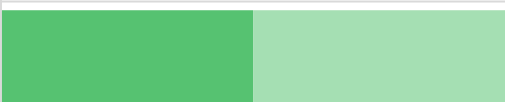


1. Based on the number of venture-backed marketplaces.

Many startups have shown agility to pivot, providing value beyond the immediate crisis.

Category		Pivot
 Ride-sharing		Groceries and medicine (1-hour delivery)
 Ride-sharing		Uber Direct (pharmacies and pet shops) Uber Connect – P2P courier service
 Micro-mobility		Scooters for food and medicine delivery App now shows take-out options
 Restaurant ordering (B2B)		Help restaurants launch direct-to-consumer programs
 Restaurant booking		Reserve grocery shopping appointments
 Accommodation booking		Online Experiences Launched long-term rental
 Book local experiences		'Beat the Crowds': mitigate over-tourism
 Book a musician for events		Personalised music messages by popular artists
 Re-sale fashion		Posh Stories: video shopping

Source: Dealroom.co analysis of public statements








Nearly 90% of consumer spending goes to housing, healthcare, food, mobility and education. Most markets are still largely offline, but seeing rapid digital adoption, driven by Covid-19.

		Consumer spending		Global startup & scaleup activity		
		Europe	Global	Digital	Offline	
Housing Rent & mortgage 65%, Interior & maintenance 16%, Energy 18%		\$3.1T	\$8.2T			Already researched online but still transacted offline. New models like iBuying and fractional ownership could help digitise further
Health Gov't funded 64% ⁽¹⁾ , Insurance premiums 22%, out-of-pocket 14%		\$1.9T	\$7.8T			Rigid market, but Covid-19 has opened the floodgates to innovate fast
Food Groceries 53%, Alcohol & tobacco 30%, Restaurants 17%		\$2.4T	\$6.0T			Was slow to migrate online (<10%) but now digitising fast
Mobility Car purchase 34%, Fuel & maintenance 56%, Public 10%		\$1.2T	\$5.0T			Consumers still spend 90% on car ownership. The remaining 10% of mobility is mostly booked online.
Education Gov't funded 87% ⁽¹⁾ Out-of-pocket 13%		\$1.0T	\$5.0T			Education still 90%+ offline but starting to digitise Lockdown could instigate rapid systemic change
Travel Flights 33%, Packaged travel 33%, Hotel 33%		\$0.6T	\$3.0T			Online penetration around 50%. But even "offline" part is mostly researched online and booked via email/phone
Fashion		\$0.6T	\$2.2T			Online penetration around 1/3 in most developed countries. But social distancing has moved business online

Source: Dealroom analysis based on data from Eurostat and World Bank

1. Government funded is added to consumer spending here since consumers still decides/influences where to buy healthcare
2. Estimate based on top-10 most valuable companies in the sector. Combination of public and private valuations

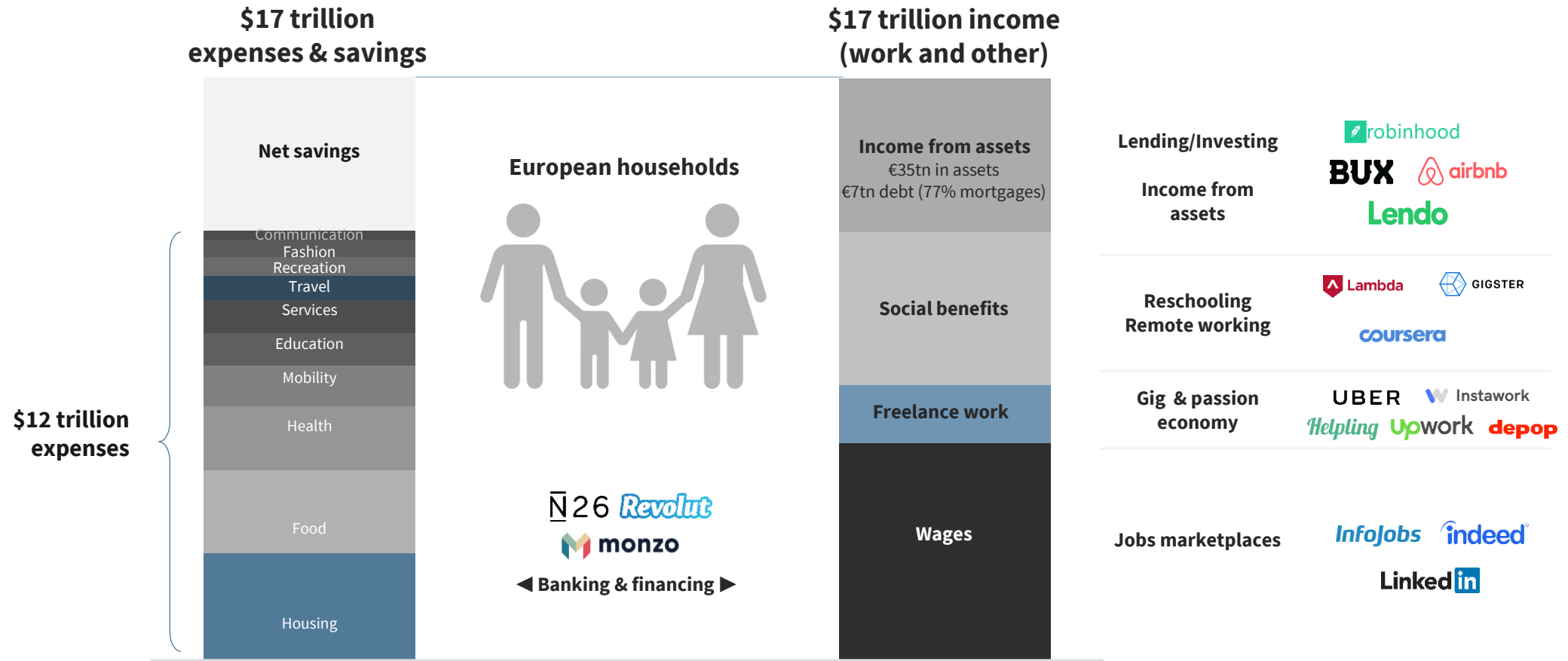
Online marketplaces have combined value of \$814 billion globally. But the real opportunity is ahead of us. Housing, health and education are still mostly untapped.

		Consumer spending		Global startup & scaleup activity		
		Europe	Global	VC invested since '13	Combined market cap ⁽²⁾	
Housing Rent & mortgage 65%, Interior & maintenance 16%, Energy 18%		\$3.1T	\$8.2T	\$21B	\$66B	Zoopla, rightmove, Zillow, 贝壳, houzz, Opendoor, COMPASS, SCOUT24
Health Gov't funded 64% ⁽¹⁾ , Insurance premiums 22%, out-of-pocket 14%		\$1.9T	\$7.8T	\$13B	\$46B	Teladoc HEALTH, Doctolib, 微医, Docplanner
Food Groceries 53%, Alcohol & tobacco 30%, Restaurants 17%		\$2.4T	\$6.0T	\$58B	\$178B	大众点评, DOORDASH, Takeaway.com, JUST EAT, ocado
Mobility Car purchase 34%, Fuel & maintenance 56%, Public 10%		\$1.2T	\$5.0T	\$95B	\$181B	Uber, Grab, Lyft, 汽车之家, gojek, 瓜子
Education Gov't funded 87% ⁽¹⁾ , Out-of-pocket 13%		\$1.0T	\$5.0T	\$2B	\$9B	coursera, UDACITY, OPENCLASSROOMS, Preply
Travel Flights 33%, Packaged travel 33%, Hotel 33%		\$0.6T	\$3.0T	\$35B	\$168B	Booking.com, airbnb, Expedia, Ctrip
Fashion		\$0.6T	\$2.2T	\$27B	\$57B	FARFETCH, zalando, OSOS, zulily

Source: Dealroom analysis based on data from Eurostat and World Bank

1. Government funded is added to consumer spending here since consumers still decides/influences where to buy healthcare
2. Estimate based on top-10 most valuable companies in the sector. Combination of public and private valuations

It's not just about spending money online. The digital consumer is managing work, banking and (re)schooling also online.

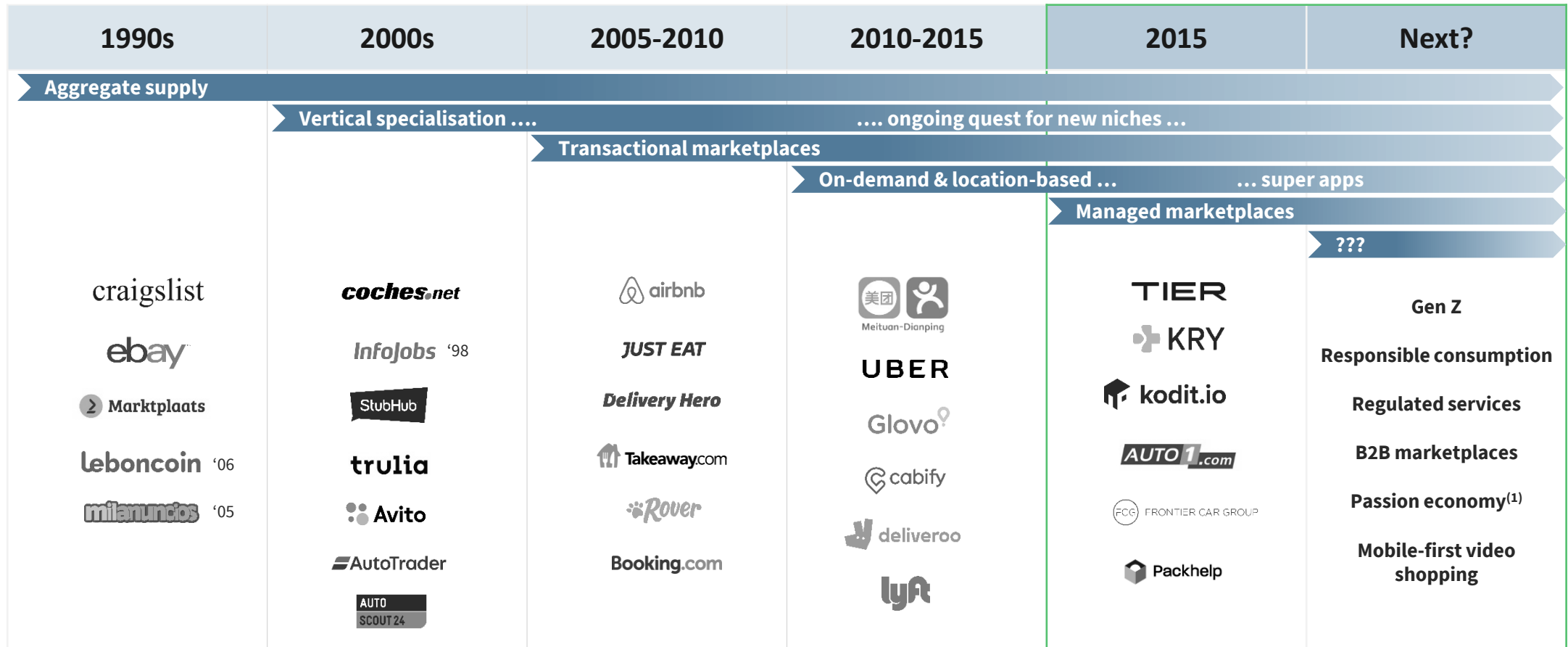


Source: Eurostat (EU28) and Dealroom analysis

Marketplaces entering the next phase.







































The Covid-19 crisis has demonstrated how critical online consumer services and technology are for many aspects of society and the economy. We're entering a new phase in the ongoing evolution of online marketplace models. Startups are colliding with the offline world, its regulations and its laws of physics, which sometimes impact unit economics. The crisis may also impact funding sources for startups, leading to an increased focus on profitability.

Marketplaces have continued to evolve in order to unlock new markets.



1. A term coined by a16z

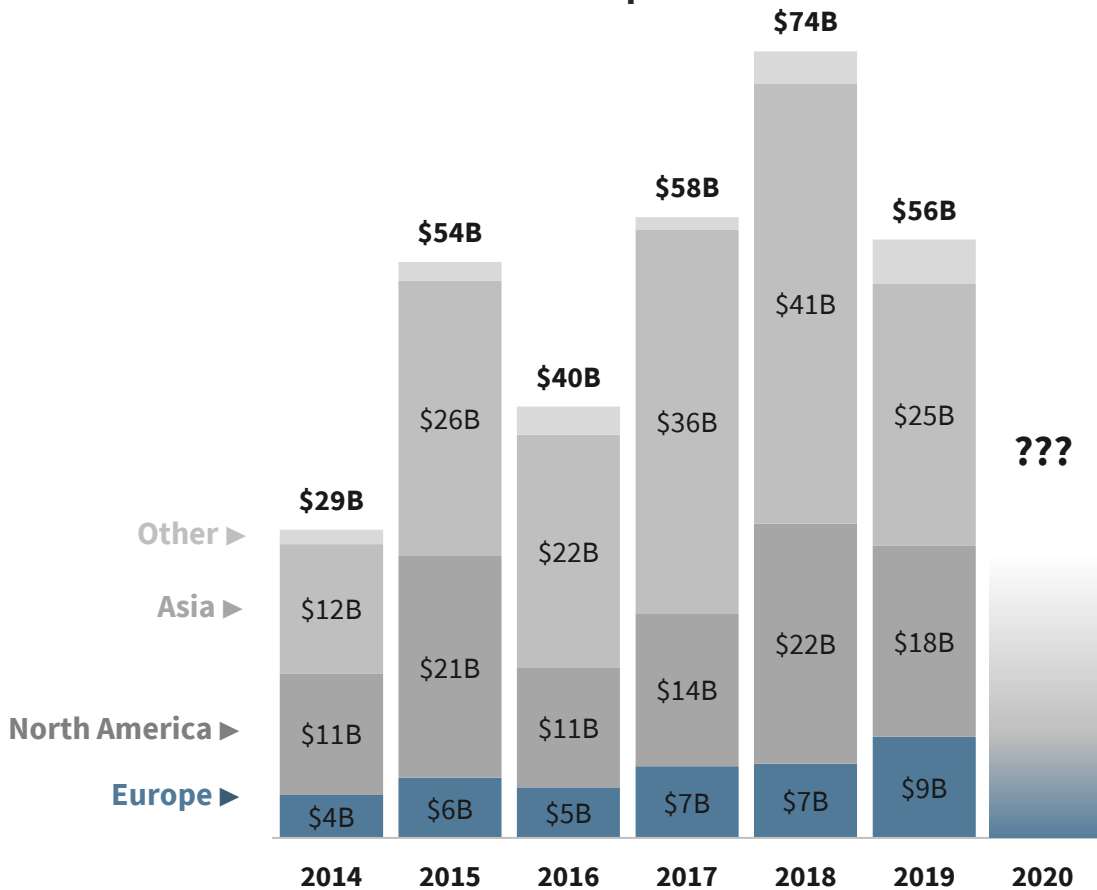
As innovation pushes boundaries, the definition of “marketplace” is being stretched.

	Demand 	Customer acquisition 	Listings 	Transaction incl. payment 	Logistics & software tools 	Own inventory 	Production 	Supply 
Traditional marketplace	Listings	<ul style="list-style-type: none"> ✓ Asset light, profitable ✗ Low revenue per user 	 Leboncoin  OLX GROUP					Homes, cars, jobs, horizontal
	Transactional marketplaces	<ul style="list-style-type: none"> ✓ Still asset light, higher take-rate ✗ Possible long-term strategic disadvantage 	 depop  airbnb  Booking.com  JUST EAT  Upwork <small>formerly aDesk</small>					Travel, delivery, freelance
New age marketplace	Full-stack marketplace	<ul style="list-style-type: none"> ✓ Control over user-experience ✗ Operational risk, requires market density 	 UBER  FARFETCH  deliveroo  Glovo  CAZOO  FLIXBUS					On-demand services
	Market maker (iBuying)	<ul style="list-style-type: none"> ✓ Create new supply, verify quality ✗ Capital intensity & risk, requires homogenous market 	 kodit.io  nested  GOAT  AUTO1.com  Opendoor			Temporary trade on the books		Homes, cars, jobs, products
Competing B2C models	eCommerce	<ul style="list-style-type: none"> ✓ Same-day delivery of goods, control over user experience ✗ High capital intensity, low margins 			 ASOS  PICNIC  ocado  zalando  amazon  T			Fashion, groceries
	Direct-to-consumer	<ul style="list-style-type: none"> ✓ Own entire product identity / experience / sometimes with physical stores ✗ High capital intensity, limited assortment 			 N26  allbirds  HARRY'S  BEYOND MEAT  WARBY PARKER  sweetgreen			Cosmetics, food, banking, wellness, lifestyle, eyewear

Source: Dealroom.co

Mega-rounds (\$100M+) and record funding have become the norm in recent years, driven by an abundance of venture capital. Expectation that we'll see much less of them in 2020.

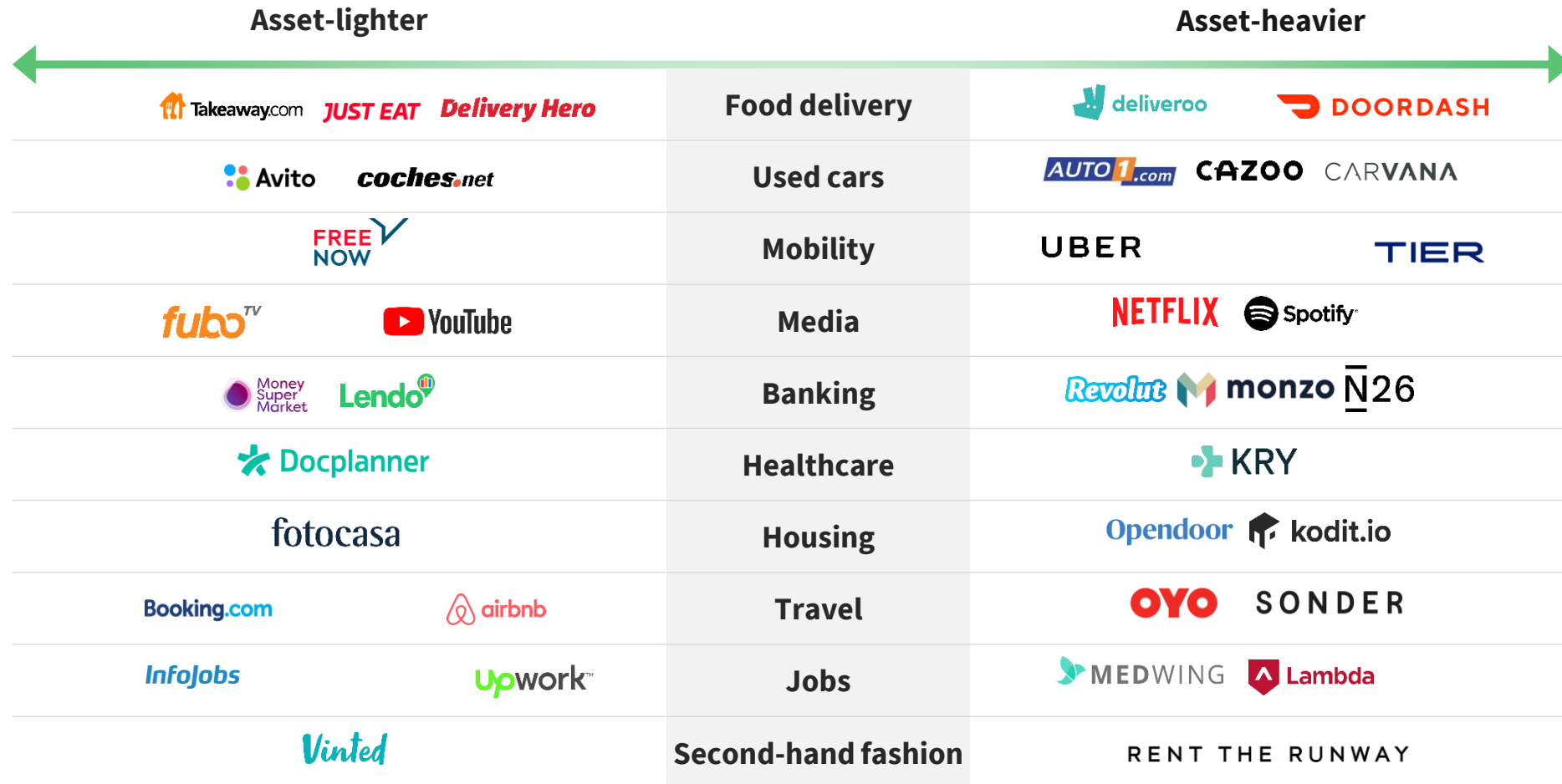
Global VC investment in marketplaces



Source: Dealroom.co

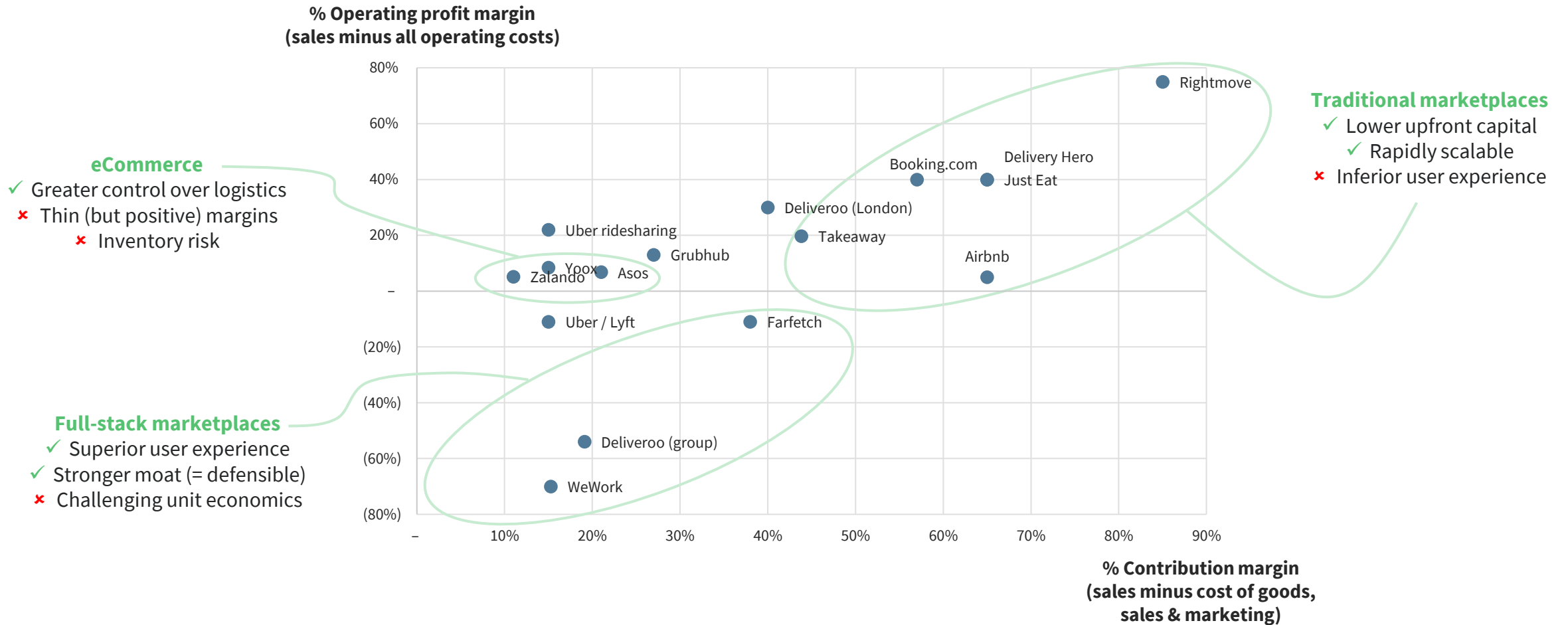
Rest of World	Rappi \$1B Series E	ny bank \$400M Series F	judobank \$271M Series B	QUINTOANDAR \$250M Series D	smart fit \$206M Growth Equity	creditas \$231M Series D
Asia	CAI NIAO \$3.3B Growth Equity	Kwai \$3B Series F	Grab \$1.5B Series H	瓜子 \$1.5B Series D	paytm \$1B Series G	贝壳 \$800M Series D
North America	ARGO AI \$2.6B Growth Equity	WAYMO \$2.3B Growth Equity	RIVIAN \$1.3B Growth Equity	OneWeb \$1.3B Growth Equity	we \$1B Series H	UBER \$1B Late VC
Europe	northvolt \$1B Growth Equity	Greensill \$800M Growth Equity	deliveroo \$575M Series G	UiPath \$568M Series D	babylon \$550M Series C	veeam \$800M Series D

Abundance of venture capital led to the rise asset-heavier models. The pendulum may swing back to asset-light models.



Inspired by a slide from Sonali de Rycker (Accel Partners) presented at the Marketplaces Conference 2018

Unlike asset light marketplaces, full-stack marketplaces often have challenging unit economics. And there's a renewed push for profitability in venture capital markets.



Source: Dealroom.co analysis of company financial statements

New marketplace models focus on unmet demand from Gen-Z / millennials and unlock scarce supply, such as in regulated services and programming.

Sustainable lifestyle & circular economy

<p>Clothes</p>	<p>Food waste reduction</p>
<p>Shoes and accessories</p>	<p>Meat alternatives</p>
<p>Other products</p>	<p>Recycling</p>

Future of work & passion economy

<p>Teaching</p>
<p>Freelance</p>
<p>Programming</p>
<p>Podcasting & publishing</p>

Regulated services

<p>Nursing</p>
<p>Retail / Hospitality workers</p>
<p>Baby-sitters</p>
<p>Veterinary</p>

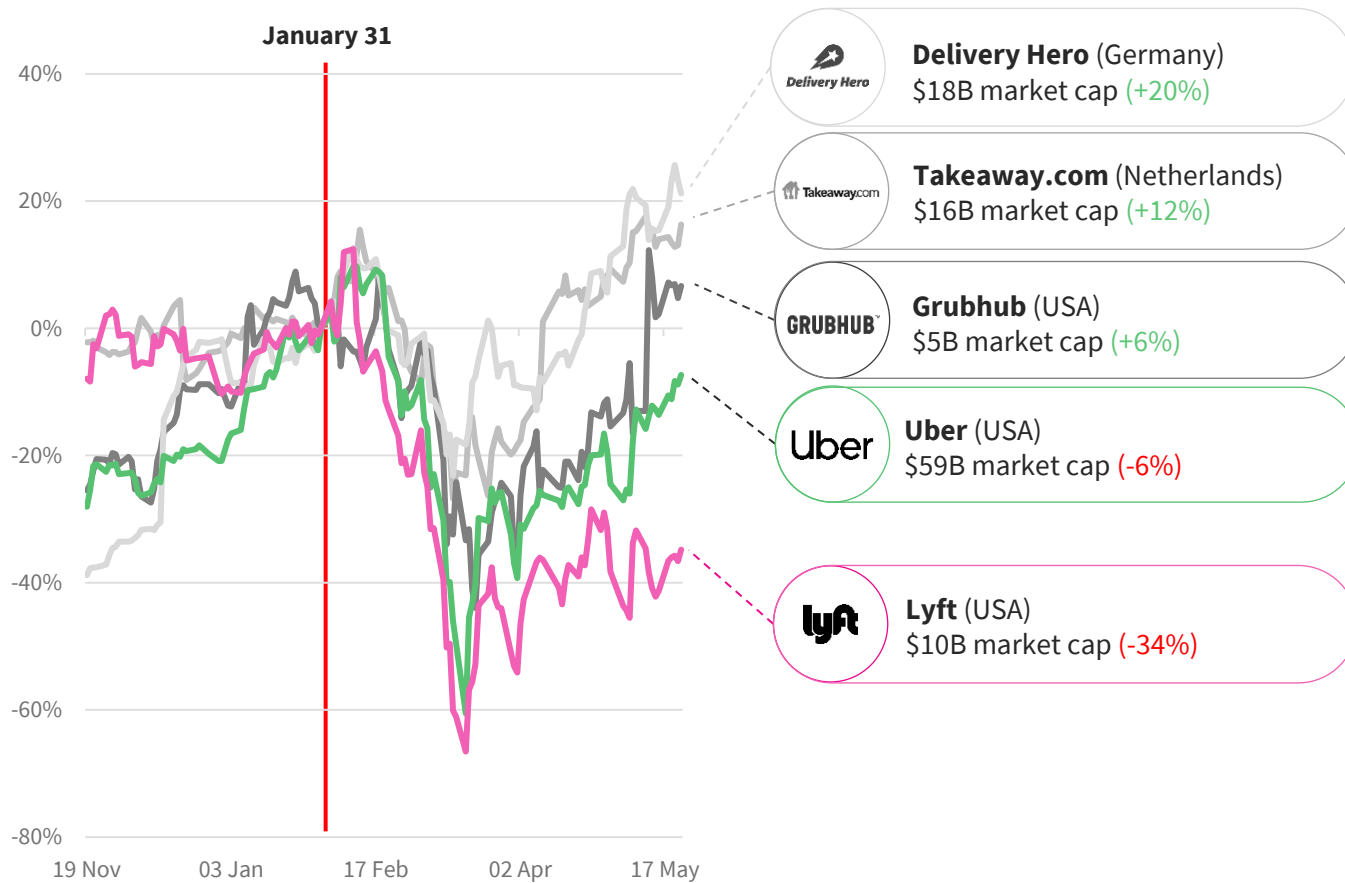
Source: Dealroom.co

Mobility in a jam?

Large parts of mobility have been brought to a near-standstill, resulting in thousands of layoffs, due to the Covid-19 crisis. But what will the recovery look like? Many European cities including Paris and London have unveiled ambitious plans to reduce congestion. This means expanding transportation options, to relieve public transport. European households spend 91% of transportation costs (\$1.2 trillion) on car ownership. This will likely drastically change over the next ten years.

Uber vs. Lyft rivalry: the tables have turned in Uber's favour (for now), thanks to its diversified logistics approach.
























Share price performance



Source: Dealroom.co and Google Finance data as of May 27 2020

- Food logistics share prices are up
- Uber outperforming Lyft thanks to its Uber Eats platform. Uber has approached GrubHub with a takeover offer
- Uber invested in micro-mobility platform Lime for \$170M (70% below last round) and merged it with JUMP. Micro-mobility could experience a sharp recovery once economies re-open
- Demand for on-demand passenger rides has plummeted. Recovery still uncertain: could be V-shaped or L-shaped
- Both Lyft and Uber have announced significant layoffs: 1,000 and 3,500 staff respectively

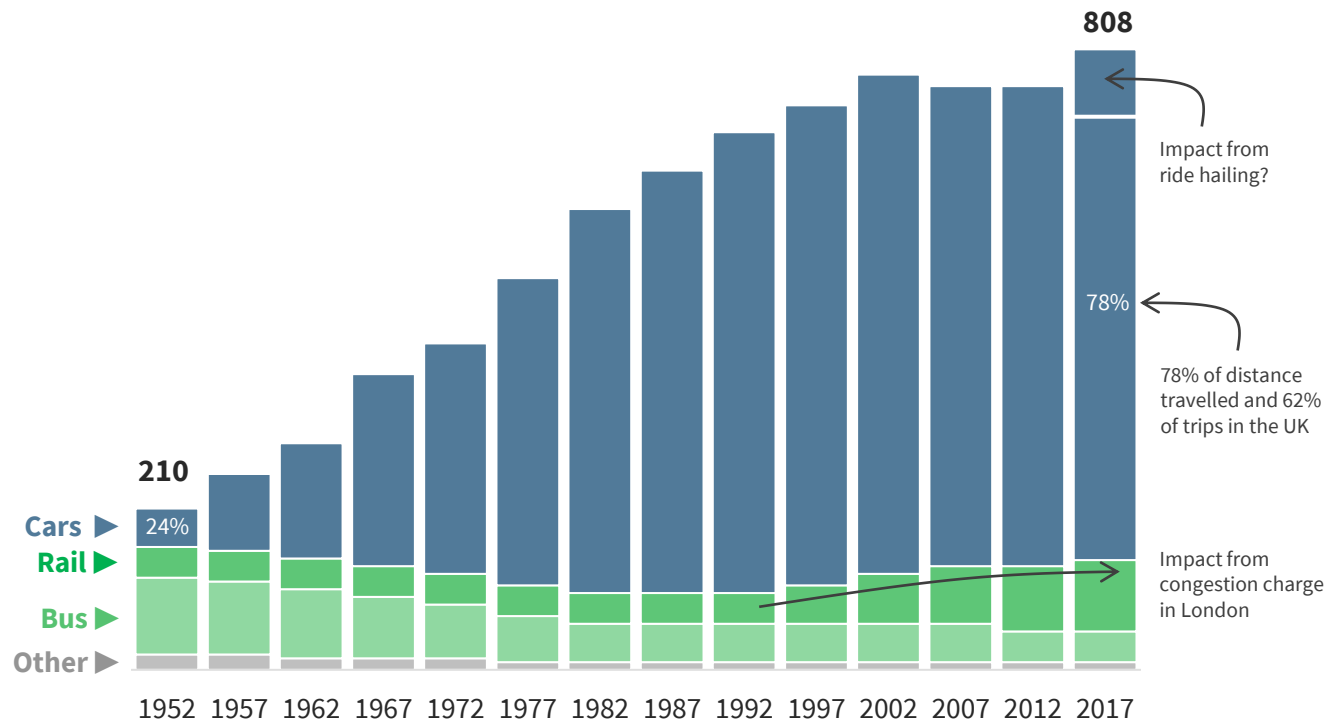
Mobility platforms have a combined market value of over \$250 billion, of which 84% from ride hailing and on-demand logistics.

	Ride hailing	On-demand logistics	Car marketplaces	Micro-mobility	Long distance mobility	Sharing / Subscription
Combined market cap of top-10 companies	\$156B	\$60B	\$23B	\$8B	\$6B	\$4B
Examples	   	    	   	  	  	   
Avoid shared mobility	X		V		X	
Avoid public transport	V	V	V	V	X	V
Working from home		V	X			

Source: Dealroom.co and Google Finance as of May 27 2020

Car use has exploded since the 1950s, driven by universal car ownership – and more recently by ride hailing.

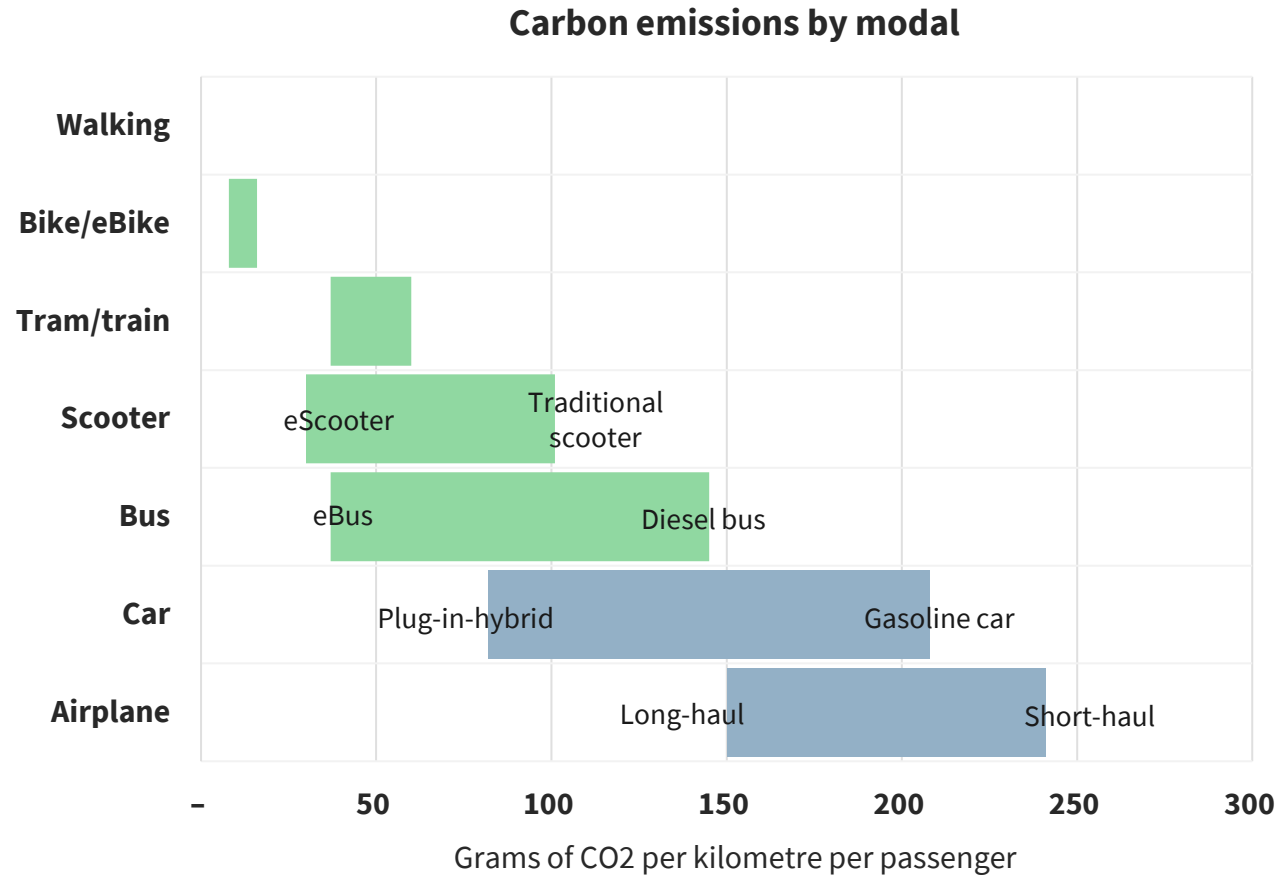
Distance travelled (in billion kilometers) by modal in the UK ⁽¹⁾



Source: Dealroom analysis of Eurostat and Department of Transportation (UK) data
1. Department of Transportation of The United Kingdom (2018). NHTS data for USA

- Since 1952, car travel has grown 13x while there's been no growth in public transport (trains & buses)
- Car ownership has become universal driven by welfare, while cars are kept idle 90% of the time
- ~60% of car trips are less than 8 km ⁽¹⁾
- Since 2012, ride hailing apps have possibly added to congestion in many cities
- 40% of trips are for leisure, 27% for commuting/business
- Morning commute into dense cities is already much less dependent on cars. During peak hours morning commute, only 6% of distance travelled is via car
- In dense metro areas the balance is shifting away from cars. Cities including Paris and London have unveiled ambitious plans to reduce car congestion

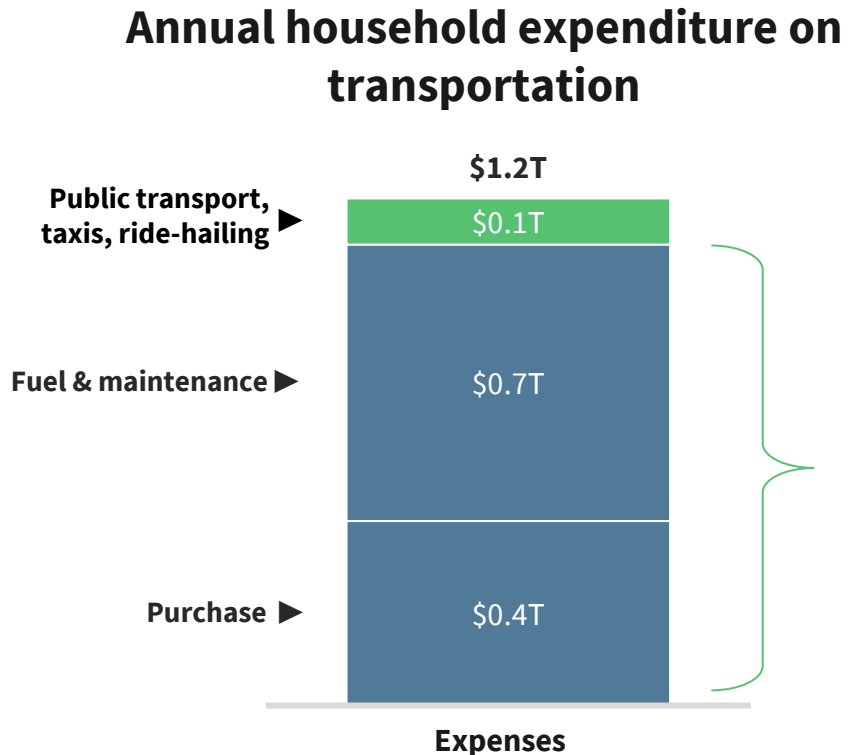
Governments can restrict emissions-heavy car use, but need to facilitate greener alternatives.



Source: Dealroom.co, Lufthansa report, Sifted.eu

- Cars and airplanes perform worst in terms of harmful emissions including CO2
- Significant gains can be made by switching to greener versions of same modal (e.g. scooter to eScooter)
- Despite some backlash, eScooters are greener than most alternatives
- Early reports suggest eScooters can replace cars in a third of trips. Often combined with public transport. In the US, one in three car trips are less than two miles long
- Governments can restrict car use but need to provide alternatives
- Train and eBus are much better than flying

While mobility apps have gone mainstream, European households still spend 91% of their transportation budget on car ownership.



Car hailing

99 TAXIS, Gett, DiDi, Grab, cabify, Bolt, Uber, Lyft

Car sharing

OUICAR, citybee, SHARENOW, CAR 2GO, SnappCar, TURO, Getaround

Scooter sharing

voi., BIRD, LimeBike, TIER

Bike sharing

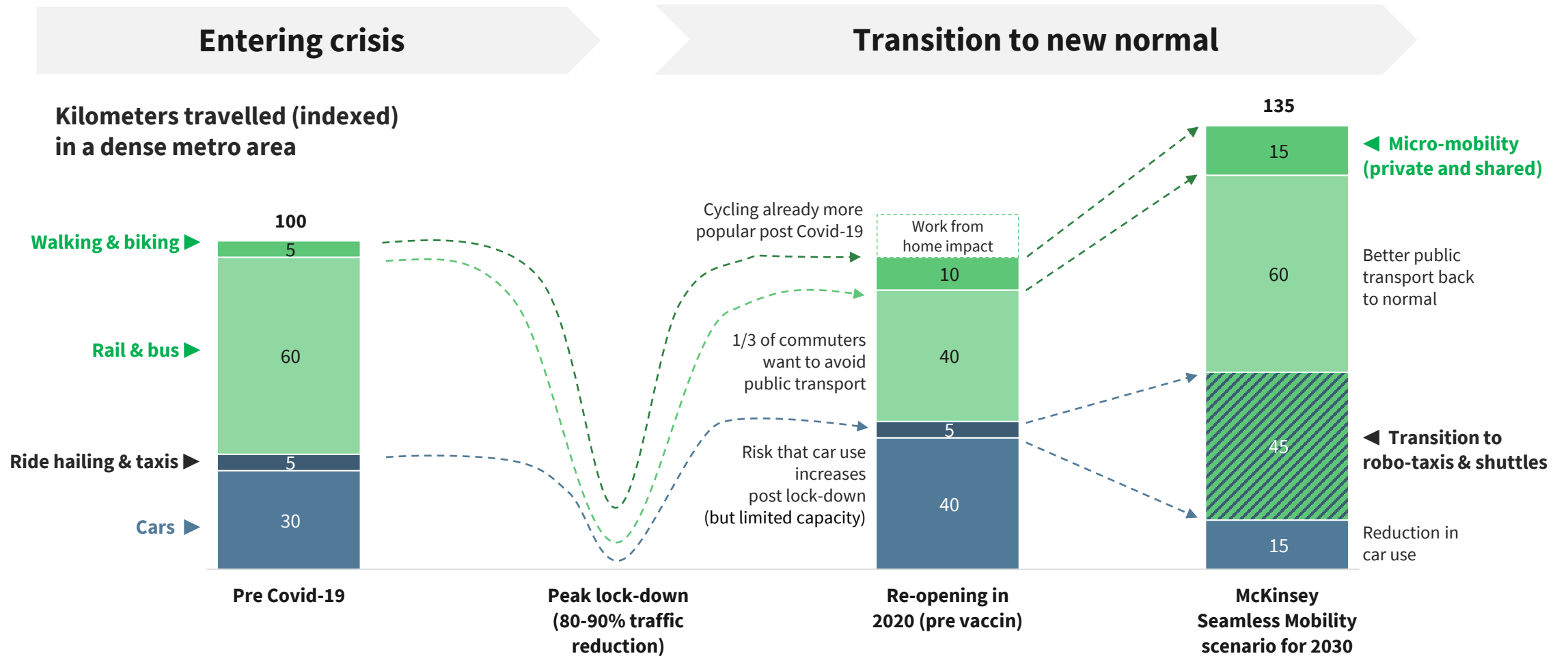
Zagster, ofo, mobike, Swapfiets

eBikes

COWBOY., VANMOOF+, eczo

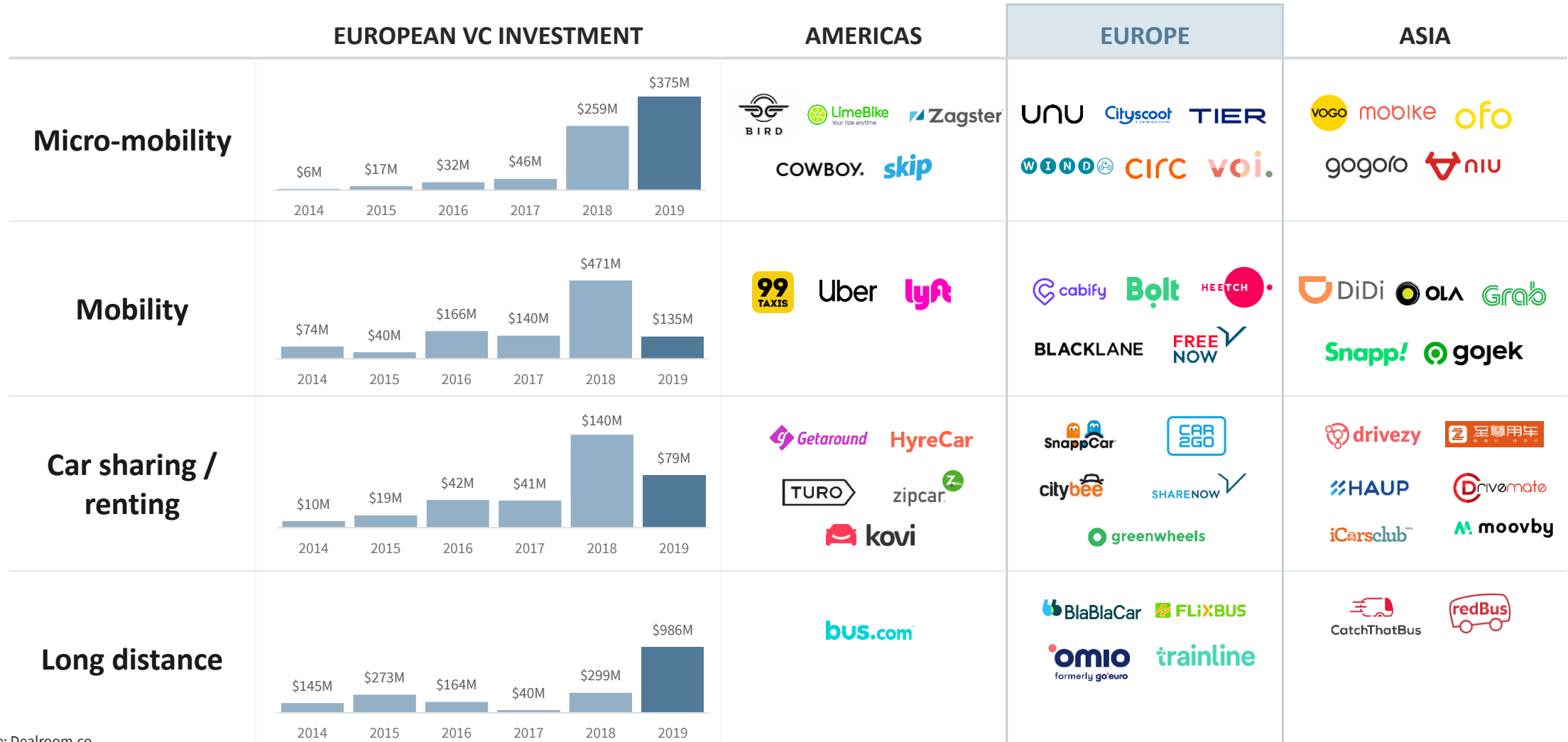
Source: Dealroom analysis of Eurostat and Department of Transportation (UK) data
1. Department of Transportation of The United Kingdom (2018), NHTS data for USA

As economies re-open, will dense metro areas become even more congested, or less?



Source: Dealroom analysis. Numbers mostly based on various McKinsey mobility reports. Re-opening is not a projection of prediction but more an illustration / mental framework to assess the different impacts.

Urban landscapes are changing fast. Mobility platforms have been sprawling.



Source: Dealroom.co

TIER

Changing mobility for good

Interview with Lawrence Leuschner, CEO and co-founder

Why did you decide to start TIER Mobility?

Our mission is to change mobility for good. TIER Mobility was started to make an impact and change the way people move and commute in cities. After decades of debating about the need for a mobility transition, we now have actually started to bring a new form of emission-free mobility to the cities.

There have been reports that scooters don't last very long (1-2 months?). What's the sustainable future of scooters?

These reports were related to US-providers in their early days, but never applied to our scooters. The current generation of TIER-Scooters last for approx. 24 months. The lifespan is increased due to the unique system of maintenance and repair that we established from the very beginning. Switching to scooters with swappable batteries allows us to change batteries without vans. This is a game-changer in terms of sustainability. Furthermore, we established a unique process for continued use of our scooters by launching myTIER, i.e. selling refurbished scooters to customers. Overall, we pursue a very holistic approach. As of today, TIER is carbon neutral as a company - I'm proud that we are setting the mark here.

What do the unit economics look like for TIER?

TIER achieved positive CM1 (gross profit) across all markets across the full year in 2019. Our best-in-class unit economics were driven by our focus on operational expertise and extending scooter lifetime. We are already seeing further cost optimisations from swappable battery scooters. We saw a 50% reduction in operating costs through 2H 2019. We also advanced in reaching our goal to be EBITDA positive.

Are eScooters a substitute for cars, or for public transport, walking and cycling?

An independent opinion poll from YouGov just found that 33% of German e-scooter users replaced car trips. I think this is encouraging given that we have only just started, and we are in the early days of building a multi-model offering that will include more use cases for urban commuters.

The landscape in Europe seems very competitive. Will consolidation happen like it did in food delivery for example?

Consolidation will happen, that's for sure. In food delivery, it took a couple of years until consolidation happened to a larger extent, so let's see how things will unfold in our space.








With the global lockdown, the way we move has completely changed - how does this affect TIER?

Clearly the reduced movement in cities has challenged many providers. However, TIER has a very strong and cost effective operational set up that has enabled us to keep our scooters on the streets in most cities, where other providers have had to withdraw. At TIER we have focused on doing our part to support - we are proud to have handed out 1.3 million free minutes to essential workers to travel safely in our cities.

We believe that micro mobility plays a crucial part of Covid recovery, especially to prevent car-based recovery that will put unnecessary pressure on infrastructure and environment. We are strong believers that urban mobility will change and that consumers and cities will look for flexible and green transport options - that also enable social distancing.



The main micro-mobility players are relatively young, but well capitalised.

	 LimeBike ⁽¹⁾ Your ride anytime	 BIRD	 CIRC Acquisition of CIRC Jan 2020	 voi.	 TIER	 WIND	 dott
Year founded	2017	2017	2018	2018	2018	2018	2018
HQ	USA	USA	Germany	Sweden	Germany	Germany	Netherlands
Total equity funding	€706M	€627M	€55M	\$136M	\$136M	€65M	€50M
Estimated employees	1,400+	1,100+	400+	400+	500+	70+	90+
Estimated rides (since launch)			2M	15M	18M+	1.5M	-
Cities (#)	120+	100+	33	30	60+	14	4
Countries (names)	USA, Argentina, Australia, Austria, Belgium, Brazil, Bulgaria, Canada, Chile, Colombia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Israel, Italy, Mexico, New Zealand, Norway, Poland, Portugal, Romania, Singapore, South Korea, Spain, Sweden, Switzerland, UAE, UK	USA, United Kingdom, Portugal, Spain, France, Germany, Italy, Israel, Poland, Chile, Sweden, Austria, Belgium	Portugal, Spain, France, Italy, Belgium, Germany, Norway, Sweden	Portugal, Spain, France, Germany, Austria, Denmark, Norway, Sweden, Finland	Germany, France, Spain, Austria, Switzerland, Belgium, Norway, Sweden, Denmark, Finland, UAE	Portugal, Spain, France, Austria, Denmark	France, Italy, Belgium,

Source: Dealroom.co

1. Excludes the numbers for JUMP bikes

The hardware is changing too: autonomous driving is still far away but would obviously be a game changer for mobility and mobility marketplaces, along with electric vehicles.

- 80% of top 10 manufacturers plan highly autonomous vehicles
 - Truck platooning on the road expected by 2022

- >40% of models announced by 2021 will have electric powertrains
 - Cars becoming more connected

Autonomous cars

Autonomous trucks

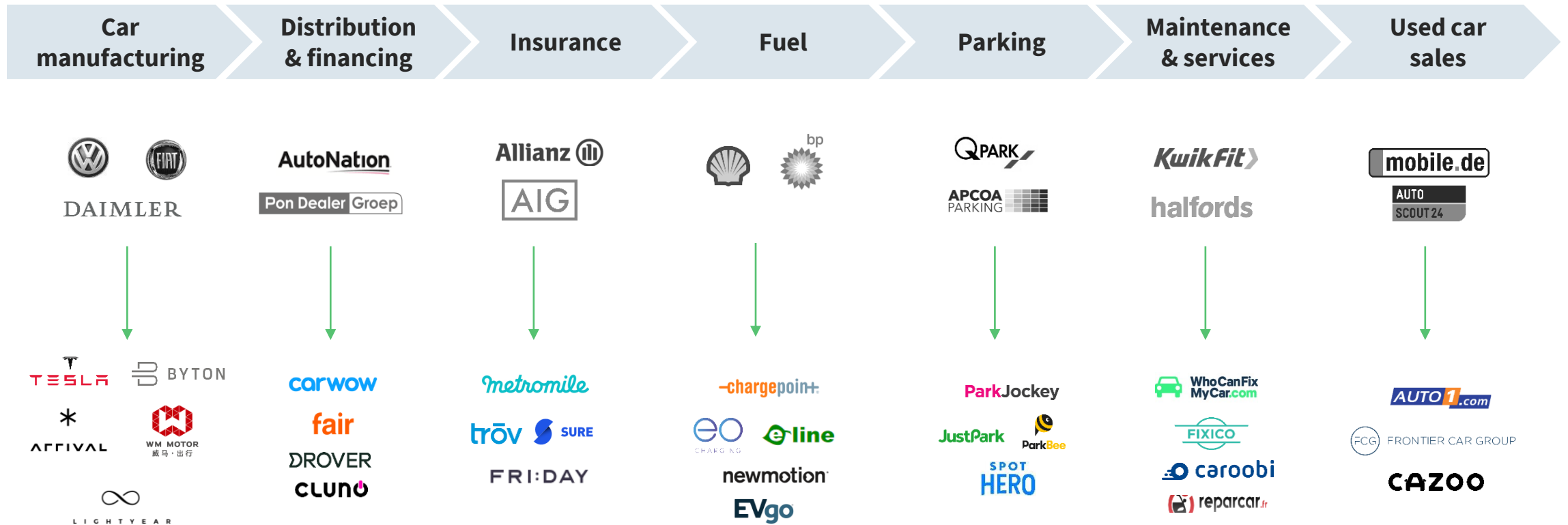
EV charging infrastructure

Vehicle cyber security

Car connectivity

Source: Dealroom.co

Marketplaces are innovating not just mobility itself, but the entire mobility value chain.

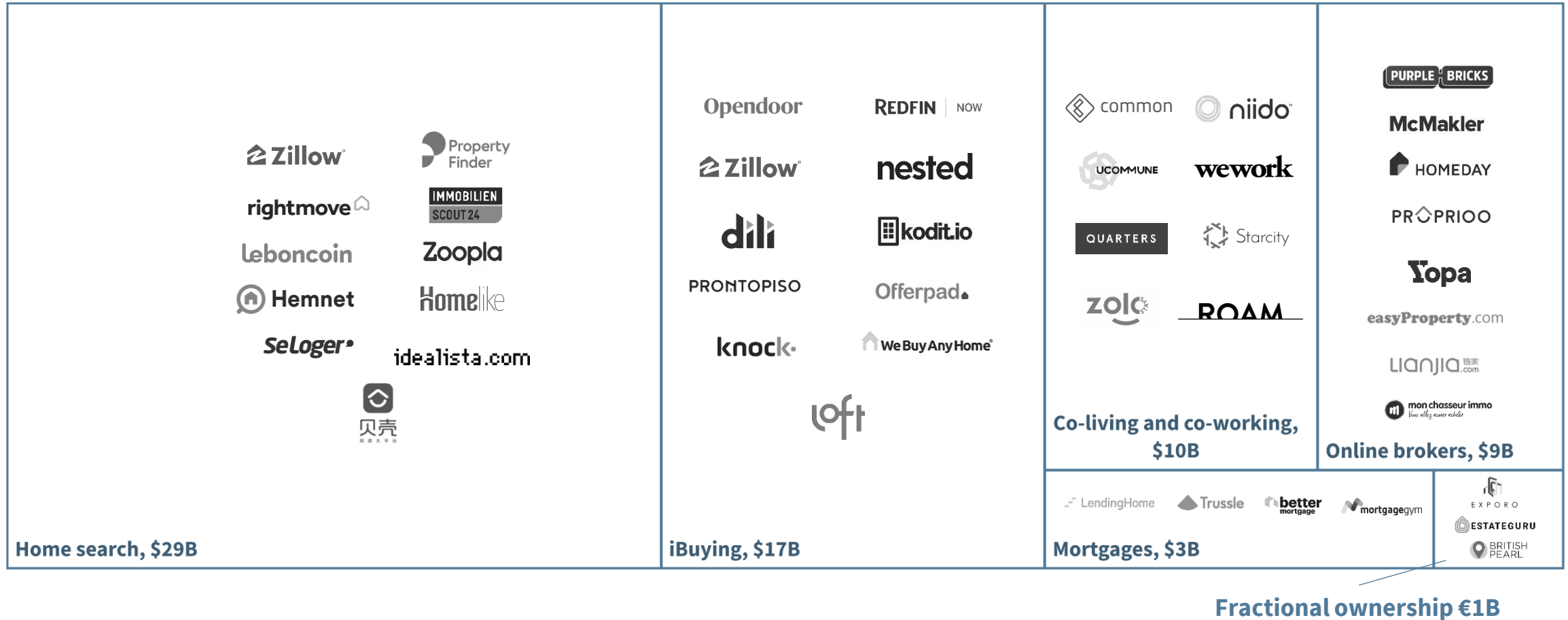


Source: Dealroom.co

Housing: unlocking the world's #1 consumer market.



















Housing is the #1 household expense (mortgage, rent, maintenance, energy). People already look for properties online, but the rest of the market is ripe for innovation. Fractional ownership and iBuying are slowly changing that. Housing shortages, inaccessibility to home ownership and sustainability are key themes.

Until recently, online real estate was almost entirely about property search. But iBuyers and online brokers have quickly become a major category.



Source: Dealroom.co

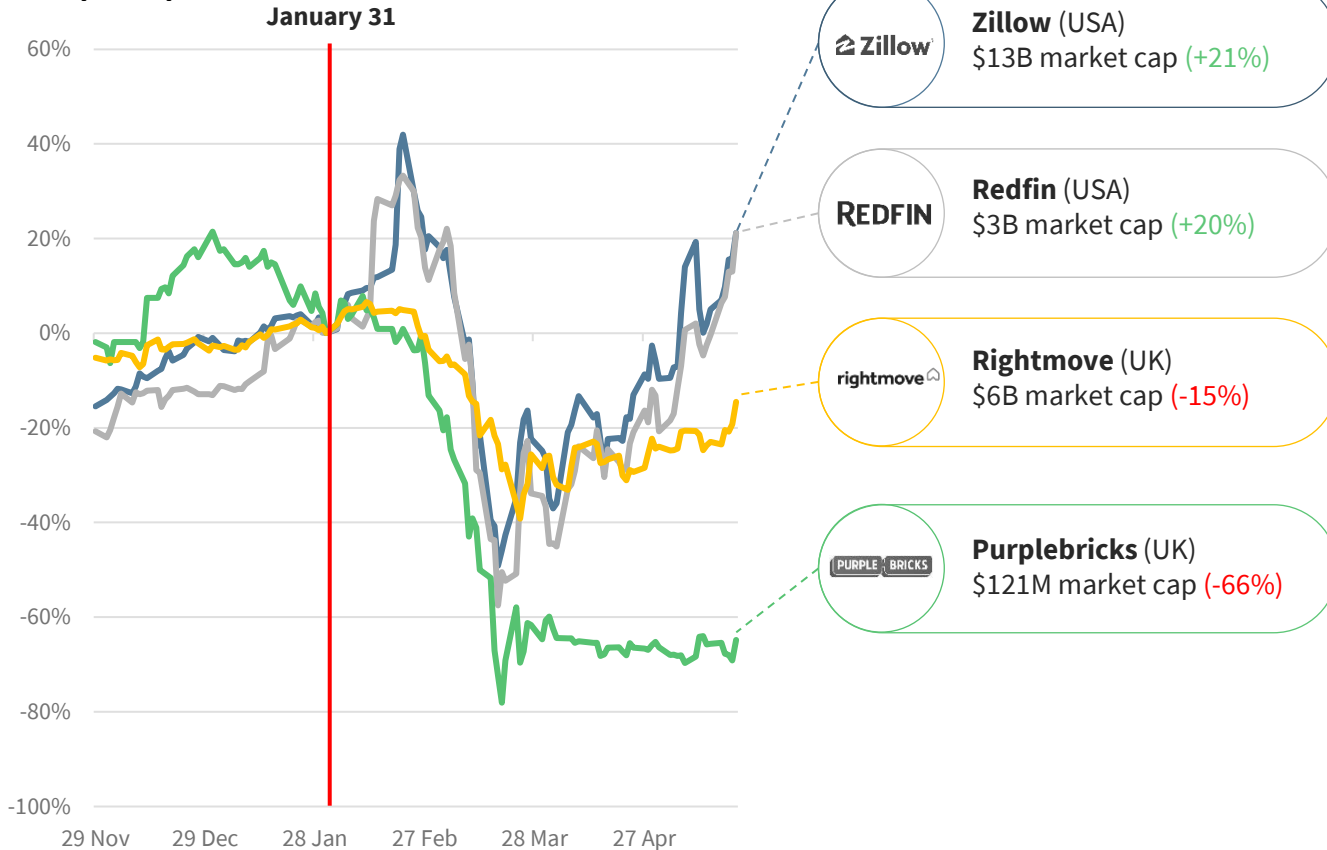
Innovative models removing friction such as iBuying have quickly become a main category of real estate marketplaces.

	Home search	iBuying	Co-living and co-working	Online brokers	Mortgages	Fractional ownership
Top 10 Combined market cap of segment	\$27B	\$17B	\$10B	\$9B	\$3B	\$1B
Select examples	  	  	  	  	  	  
Opportunities	<ul style="list-style-type: none"> • Consumers seek liquidity • Improve consumer experience (digital house-viewing) 	<ul style="list-style-type: none"> • Improve house sale efficiency 	<ul style="list-style-type: none"> • Companies reconsider purpose of HQ and opt to flexible working space 	<ul style="list-style-type: none"> • Improve consumer experience (digital house-viewing) 	<ul style="list-style-type: none"> • Facilitate government-backed loans 	<ul style="list-style-type: none"> • Finance growing SMEs and take market share from banks
Challenges	<ul style="list-style-type: none"> • Discretionary spending decreases • Social distancing continues 	<ul style="list-style-type: none"> • Discretionary spending decreases 	<ul style="list-style-type: none"> • Tenants fail to pay rent and end contracts 	<ul style="list-style-type: none"> • Social distancing continues 	<ul style="list-style-type: none"> • Risk appetite goes down in economic downturn • Borrowers fail to pay-back 	<ul style="list-style-type: none"> • Borrowers fail to pay-back

Source: Dealroom.co for private . Yahoo Finance for public market cap data as of May 16 2020.

Short term liquidity in real estate has been badly effected during the pandemic, reflected in proptech share prices.

Share price performance



Source: Dealroom.co and Google Finance data as of May 27 2020

- According to Zillow, new listings are down 39% YoY. For high-end homes the listings are down 46%
- Rightmove and Zoopla listings started to increase again as of 18 April 2020. Still far from pre-Covid levels
- Web traffic is returning to pre-Covid levels

US-based iBuyers are well capitalized compared to their European counterparts.

	Last valuation ⁽¹⁾	Total equity funding	Founding Year & Location	Number of metro areas in operation	Has Trade-in program
 Opendoor	\$3.8B / Series F	\$1.5B	2014 / San Francisco	21	
 knock	\$1.0B	\$435M	2015 / New York	7	Yes
 Offerpad	\$1.0B / estimate	\$363M	2015 / Gilbert, USA	12	Yes
 REDFIN NOW	\$2.9B / public	\$136M	2006 / Seattle Entered iBuying: 2017	10	
 Zillow	\$12.9B / public	\$87M	2005 / Seattle Entered iBuying: 2018	21	
 nested	\$105-158M / estimate	\$85M	2015 / London	1 (London)	
 TIKO	\$83M / estimate	\$14M	2017 / Madrid	3	
 CASAVO	\$88-132M / estimate	\$32M	2017 / Milan	2 (Milan and Rome)	
 PRONTOPISO	\$62-92M / estimate	\$21M	2017 / Barcelona	3	
 kodit.io	\$53-80M / estimate	\$15M	2017 / Helsinki	7	
 HOMELoop	\$105-158M / estimate	\$23M	2016 / Paris	1 (Paris)	

Source: Dealroom.co

1. Private valuations are based on Dealroom's estimate.

iBuyers reinventing the process of home purchase

Interview with Kalle Salmi, CEO and co-founder

What made you decide to start Kodit?

Even though residential real estate is the largest asset class in the world, the way people buy and sell homes has not really changed in decades. The normal process of transacting in homes is time consuming, expensive and there is a high level of stress and uncertainty involved for people on both sides of the deal. We felt that technology would allow us to completely reinvent the process and provide a radically improved customer experience. It is a huge opportunity but at the same time a very complex and multidimensional challenge. I guess that is why I started the company and got so obsessed with it.

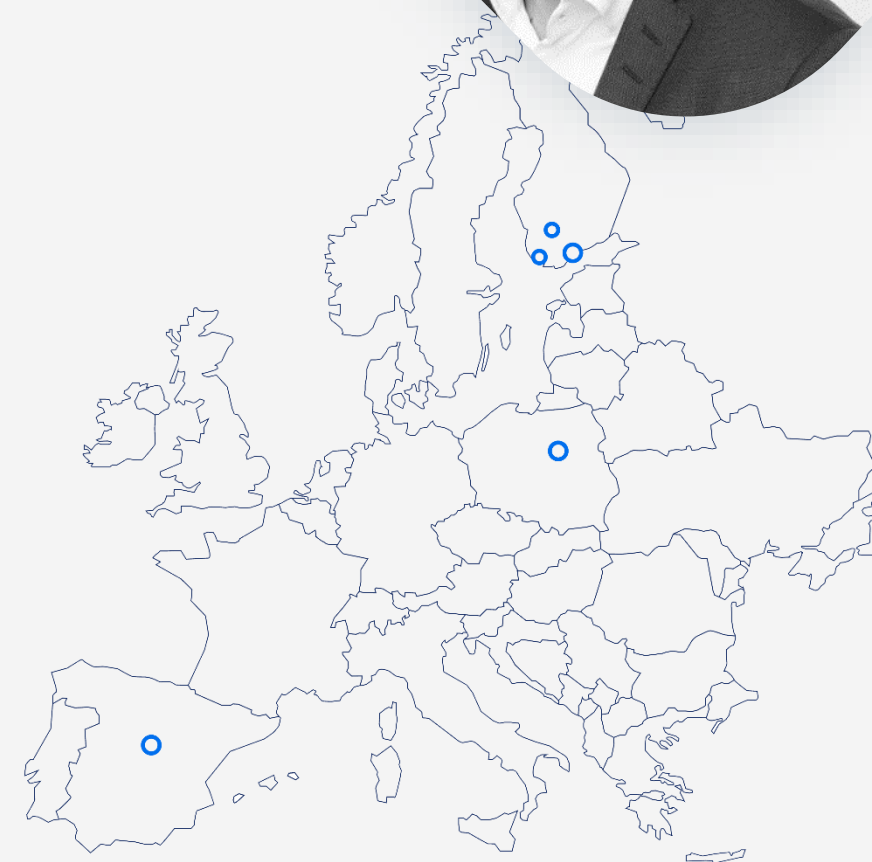
How does Kodit work? What's the difference with Opendoor?

We give home sellers fair, fast, and data-based cash offers on their homes and offer home buyers move-in ready homes. We operate in eight different cities in three European countries. Kodit buys apartments in any condition, as long as it suits the mass affordable market segment that we serve. Our technology allows us to accurately assess home value and liquidity pre- and post-renovation, which together with our renovation budgeting tools allow us to derive the right purchase offer and renovation scope to maximise annualised unit return on a deal by deal basis. There are a few key differences between Kodit and Opendoor, mainly deriving from differences in market structure and consumer behaviour in Europe vs the US. With this I mean that the European real estate markets are much more heterogeneous and hence less transparent












than in the US, European real estate agent fee levels are in most places lower than in the US, and Europeans are not as prone to pay for convenience. For those reasons, we do not charge our customers any separate fees, so what you see is what you get, it's all in the price we offer home sellers. What underlines our success is our ability to, more often than not, offer home sellers close to full market price and still maintain very strong unit economics. So, simply put, the vast majority of our customers are not selling to us only because of the convenience, but we offer them a better price than what they are able to get on the public market. That is a very compelling offering to home sellers.

What did you learn works and what doesn't when it comes to iBuying of real estate?

We have learned a lot and we still are on a very steep learning curve. One of the key success factors for iBuyers (and many other full stack startups) is how well you combine complex real world operations with technology. I would say that combining tech and ops is the area where we have learned the most and keep learning every day. As a practical example, we have learned that liquidity models are equally, if not more, important than valuation models. Assessing each unit on these parameters and executing the business model across all purchase conditions are needed to operate the model at scale in Europe. Thanks to continuously investing way more into tech than our peers in Europe, we are able to stay ahead of the pack.



The created value by fractional ownership marketplaces remains relatively small, but the application of blockchain would accelerate growth in the space.

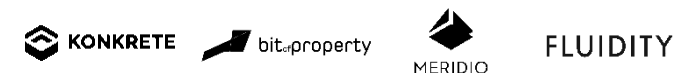
	Location	Year founded	Total funding	Type
	USA	2013	\$111M	Loan
	Germany	2014	\$65M	Loan
	UK	2014	\$29M	Loan & Equity
	USA	2013	\$27M	Loan & Equity
	UK	2010	\$16M	Loan & Equity
	Estonia	2013	\$1.4M	Loan
Other	    			

First wave:

- Illiquidity of real estate market: large upfront capital requirements and regulations for investing abroad
- Marketplaces have facilitated asset-backed lending and investing, which has brought some transparency

Second wave:

- Blockchain will speed up tokenization of real estate assets and enable seamless transactions of ownership
- It will also lower the transaction costs and settlement time
- Smart contracts and easy ID verification



Source: Dealroom.co

Bridging the gap in property finance

Interview with Marek Pärtel, Founder and CEO

What motivated you to start EstateGuru?

With a background in real estate as both an investor and developer, I often saw that banks were reluctant, slow or unwilling to finance a property deal, even when the business plan was solid. It was clear to me that there should be an alternative financing platform to empower entrepreneurs and support their projects.

Have you considered including a sustainability component to your product?

We recently started thinking about how we could integrate Sustainability Development Goals into our product. We might collaborate with other financial institutions in future, as we offer a great distribution channel to find borrowers who also want to make a positive impact. We could also offer better terms for projects with a sustainable approach and give our investors opportunities to have an impact on making our world a greener and cleaner place for all.

How do you see fractional ownership evolving and what role can blockchain play?

We have been looking at blockchain for some time, but currently, it will not add value to our business model. In our process, we work with notaries, who are not on blockchain yet. If the registry of properties is digitized and incorporates blockchain, then it will make sense. Blockchain is just part of the solution. It is easy to tokenize a property but I am not familiar with a blockchain solution for the ownership structure and transactional part of the process. In the future, we might use blockchain to offer fractional ownership to our growing customer base, but we will start with countries that have digitized the property registry.

Do you plan to partner with fintechs?

Yes, absolutely. We are developing a product that will integrate with Neobanks like N26, Monese and Revolut. Challenger banks are looking for alternative revenue streams, and we could benefit from tapping into their customer base when originating loans. We have already integrated many fintechs with our platform from property data, AML and other fields to improve the efficiency of underwriting, credit scoring and speed of service.

What's next for EstateGuru?

Our strategy is to become a cross-border lender. This year we are expanding to Germany, Spain and the UK. Our goal is to build a Pan-European ecosystem of property finance and investments to facilitate €5 billion worth of loans annually by 2025. We need to grow our retail and institutional base as well as work with Neobanks. Currently, 90% of our investors are retail clients but we plan to grow the institutional investor base to the point where it comprises up to 70-80% of the total.

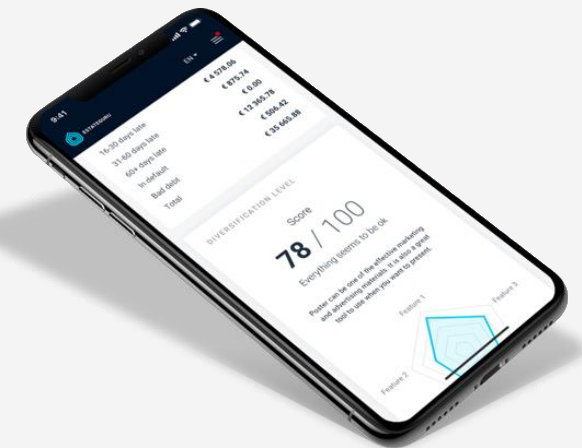
What scaling challenges does the Coronavirus crisis create?

The challenge is twofold. Firstly, the general contraction of the economy means that there may be fewer people available to borrow money as construction and real estate development slow down under government restrictions. Luckily, the countries where we have a presence are already relaxing measures, and we expect borrower levels to exceed what they were before the crisis. As our loans are also used to release equity from existing properties, our platform with its 50,000 strong investor base is a perfect source of capital for generating in turbulent times.

Secondly, investor nervousness is understandable as people take a 'wait-and-see' approach to the economy. Fortunately, investors realise that in times like these, loans secured by real estate offer a far more stable investment than the stock market or commodities. The situation pushes us to be even more digital and we were recently part of a fully online notarized property transaction in Estonia, which we believe to be the first of its kind in the world.

How is EstateGuru adapting to recent market and behavioural shifts?

We're maintaining focus on our core strengths and not panicking. Our stress tests show that our investors' outstanding loan portfolios have a sufficient buffer to overcome this crisis. Furthermore, most of our loan collaterals are related to the residential segment, where the negative effect of the crisis has been the lowest, as living spaces remain a primary need for humans. We closely monitor the macroeconomic and real estate market situations, and we have been and will remain conservative in making credit risk decisions. To reflect the changing environment we have slightly raised interest rates and tightened our already strict credit policy, but in truth, it is mostly business as usual at EstateGuru.



Healthcare: 10 years of change has happened in a few weeks.

Consumer healthcare, heavily regulated, is increasingly embracing telemedicine, AI, connectivity and predictive diagnostics. A trend started by pressures from ageing populations, spiralling costs and staffing shortages, has been accelerated by the pandemic.

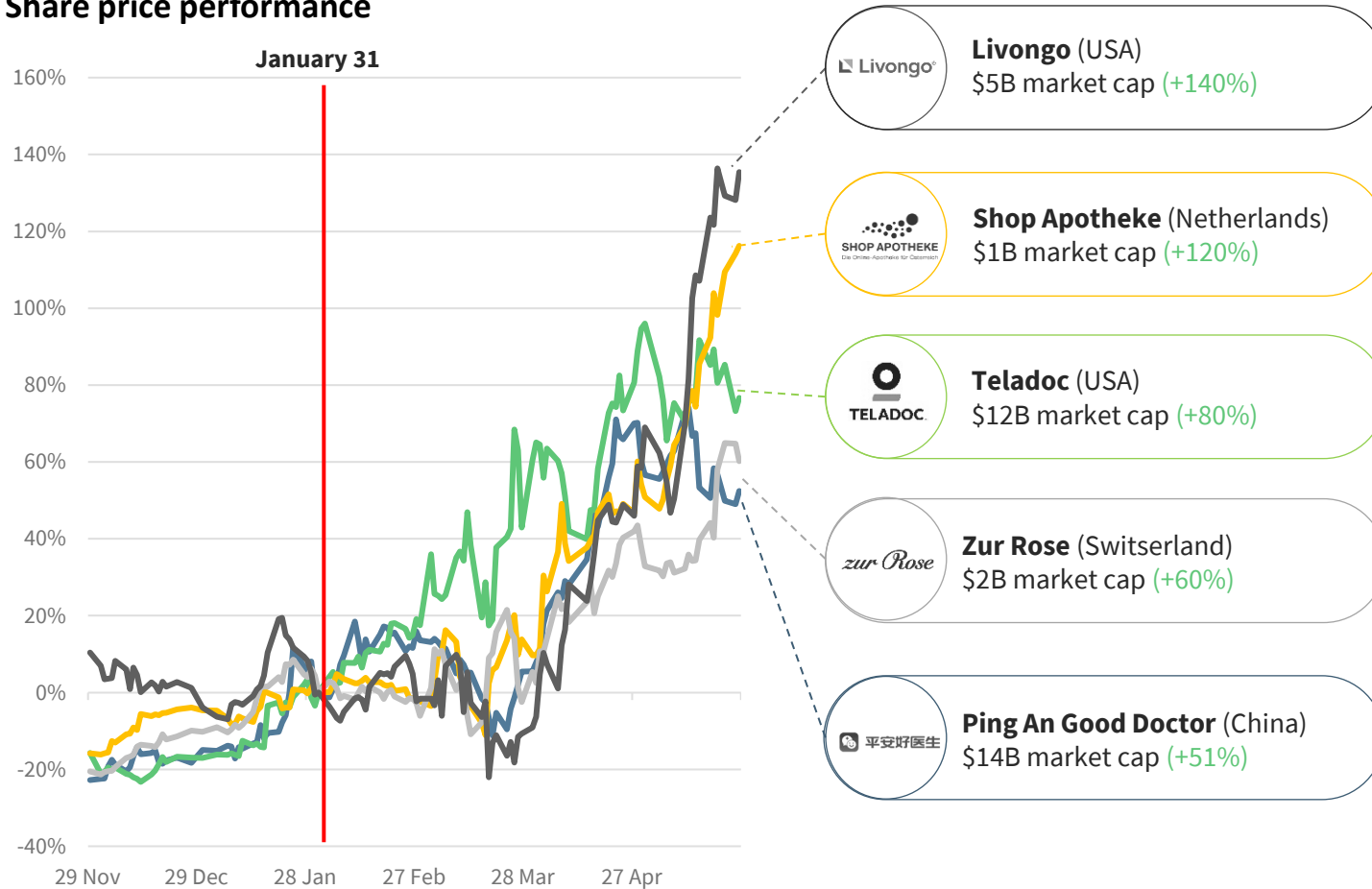
Consumer healthcare startups have a combined value of \$68 billion which is still small compared to the overall market opportunity.



Source: Dealroom.co

Unsurprisingly, digital consumer healthcare demand has skyrocketed since the onset of the pandemic.

Share price performance



Source: Dealroom.co and Google Finance data as of May 27 2020.

- Doctolib surveyed its customers and 74% of doctors said they'd continue using video consultation after the pandemic passes, and so did 80% of patients
- Increased competition from unconventional players such as Apple, Google and Zoom
- Non-Covid healthcare takes a big hit

Healthcare is among the least digitized industries. But for some areas, Covid-19 has forced 10 years of change in a matter of weeks.

Ageing population
Staffing and funding shortages
Governments starting to embrace technology, make room for innovators

Telemedicine & online booking



Pharmacies



Connectivity and AI change the game in diagnostics and prevention
Data collection & AI
Pre-emptive & remote monitoring

Diagnostics



Connected health sensors



Breakthroughs in drug discovery and treatments













Drug development with AI



Genomics



Consumer booking apps are going mainstream, allowing for instant access to information and service.

	 Zocdoc	 平安好医生	 KRY	 Doctolib	 Docplanner	 babylon	Others
Founded	2007	2014	2014	2013	2011	2013	 PUSH DOCTOR
Funding	\$223M	\$900M	\$244M	\$267M	\$140	\$635M	 on demand
Valuation	\$1.8B	\$7.5B	\$926M / estimate	\$1.1B	\$528M / estimate	\$2.0B	 Min Doktor
Booking	V		V	V	V		 ada
Telemedicine		V	V	V		V	 Your.MD
AI help		V				V	 DOKTOR.SE
SaaS for doctors				V	V		
Pharma		V	V				
Countries	USA	China	Nordics, France, UK, Spain	France, Germany	Poland, Turkey, Spain, Italy, Czech Republic, Mexico, Brazil, Colombia, Argentina and Chile	UK, Rwanda, Canada to expand in: USA, China, Middle East	
App downloads⁽¹⁾		265M	1,2M			1.2M	

Source: Dealroom.co
1. Sensor Tower, when available.

The patient journey could be simple

Interview with Mariusz Gralewski, CEO

Why did you start Docplanner?

When I started university I moved to a new city and tried to find a doctor. The process made me start digging into the market and I realized it was very non-transparent and fragmented, one of the least digitised sectors of all. In our markets, waiting times are super long, doctors often spend more time looking at a computer than the patient, data entry is repetitive, and paper is still in heavy use. We believed the whole patient journey could be simple and fun! With Docplanner patients can search for a doctor, read opinions and make a booking online on the marketplace. For doctors and healthcare facilities we provide calendar management software to help manage their patient flow and reduce no-shows while helping them generate additional revenue. Our software now includes advanced features such as electronic health records, doctor chat and pre-appointment check-in, all intended to make the patient experience more “human” and practices more efficient.

Which are your top markets and why? What are the key differences between countries where you operate?

We are focused on Brazil, Poland, Mexico, Turkey, Italy and Spain. We found that these countries had many similarities. However, differences do exist, which make opening subsequent markets a challenge. For example, Spain has a high adoption of private health insurance which means providers receive a smaller cut for each appointment and have less motivation to market themselves to these patients. It also adds some complexity to marketplace search with patients wanting to filter for their specific insurance. Then there are differences in local regulations which make software features difficult to launch across multiple markets. For example, our e-prescription plug-in in Poland will need to be adjusted to comply with rules in other markets.

It's been said that there has been 10 years of progress in healthtech adoption in a matter of weeks, would you agree?

For us this has absolutely been the case. We launched a video consultation feature in our SaaS a few weeks into the Covid-19 outbreak and the adoption has been amazing. While doctors in our markets were traditionally hesitant to move away from in-person consultations and telemedicine was a tiny fraction of total bookings in normal times, Covid has turned this upside down. For example, when we worked on telemedicine pilots before Covid, only a handful of doctors were interested in taking part. And actually none of them successfully completed the pilot stage. All of them waited for the “perfect case” or the “perfect patient” for a remote consultation. And there was always some feature missing or a reason not to do it. After Covid had hit, we offered a super simple, rather MVP-ish remote visit functionality to doctors in Italy, and during one day we had 500 of them signed up to the service. Today, almost a half of our 70,000 doctor clients have adopted online consultations as a form of healthcare delivery, largely out of necessity (clinics were closed), and we process tens of thousands of such bookings daily. While we are seeing the return of in-person bookings as clinics re-open, online bookings still continue to grow. Long-term we expect that 20-30% of all consultations will remain in the online format. The skew towards telemedicine will be especially prevalent in specialisations where physical interaction is not essential such as psychiatry, psychology and dermatology. Remote visits can also be a great solution for follow-up consultations in most other specialisations.

Finally, it's important to note that the pandemic pushed many governments to change regulations and allow telemedicine on a broad scale, which was hard to imagine even in January.

Healthtech startups seem more crucial than ever, what role do you see them playing during the pandemic?

Healthtech startups are central to solving many issues during the pandemic, especially in maintaining social distancing. The obvious example of this is telemedicine discussed above. We are happy to support remote patient-doctor interactions and proud of becoming one of the major global players in this space in a matter of weeks.

Another example is helping doctors and clinics keep their waiting rooms relatively empty, while being able to serve a similar number of patients. To do that they need to give up walk-in waiting rooms and switch to scheduled meetings so patients don't wait in and around the doctor's office. This is basically what Docplanner was created for - offering a digital agenda with online booking, automatic reminders, etc.

A final example is triaging patients so they know whether they can stay at home (possibly treating themselves with simple over-the-counter drugs) or if they should contact a doctor, and if this is the case, whether the telemedicine format will suffice, or an in-person visit is recommended. The triage can be done with the help of AI tools or by simple instant online communication with a GP or a nurse. Finally, due to the nature of the crisis, healthcare has seen a major strain on its resources (people, materials, etc.) and so optimization in the form of digitization is playing a key role in making better use of these limited resources.



The future of work has become... just work.

The rise of freelance, gig & passion workers means a growing share of workers relying on match-making and distribution platforms for income as they work from home. Working from home creates a level playing field for freelancers and passion economy.

Online job markets are dominated by LinkedIn and Indeed globally, and regionally by dominant local job portals.

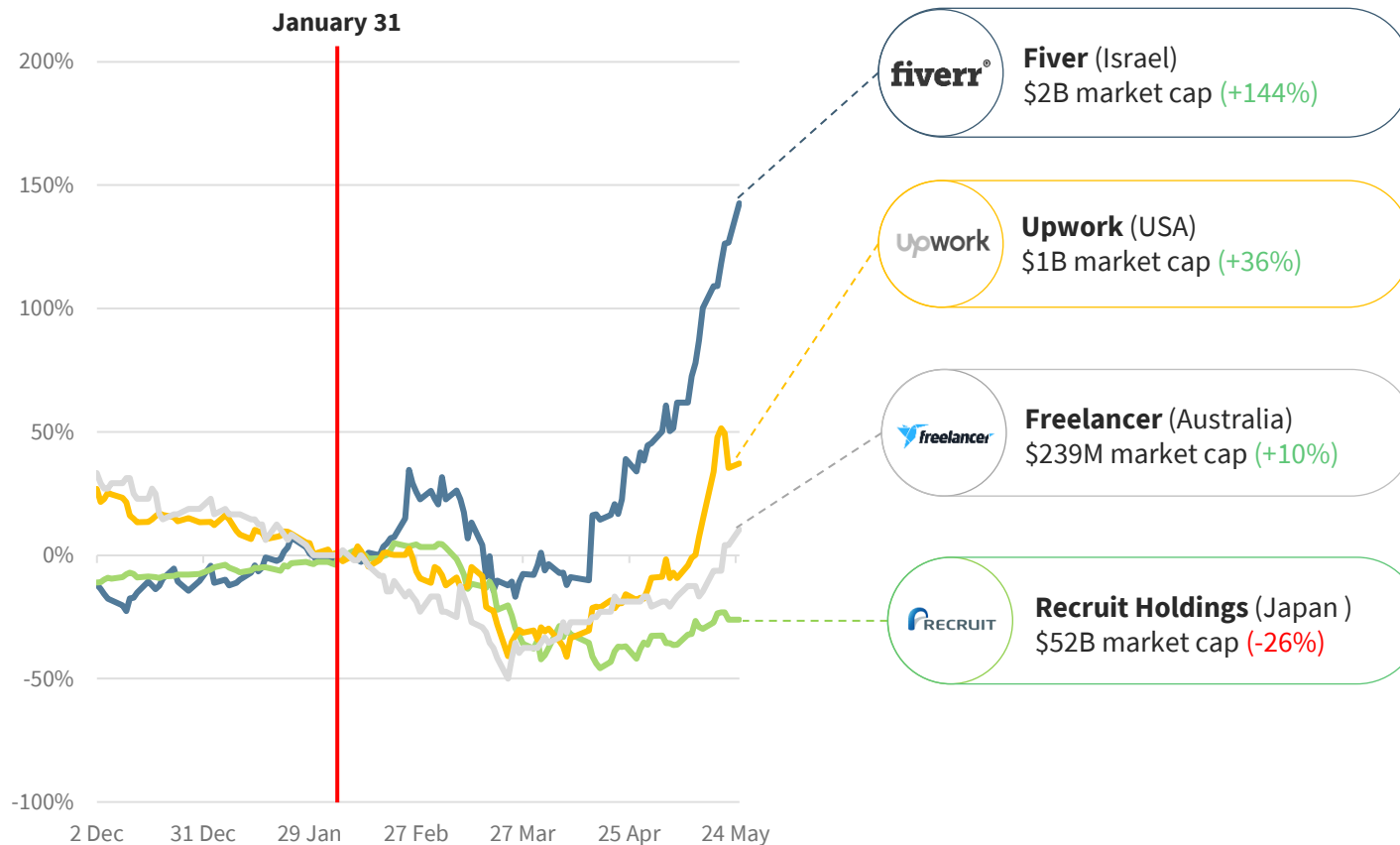


Source: Dealroom.co

1. ISA stands for Income-sharing agreement – a scheme where the students pays % of income after graduation instead of upfront tuition fee.

Workplaces and workforces are going through their biggest change in a generation.

Share price performance



Source: Dealroom.co and Google Finance data as of May 27 2020.

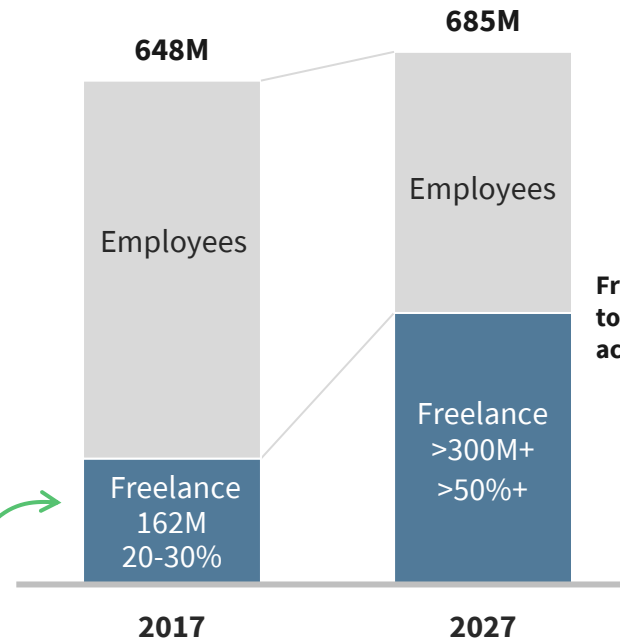
- Hiring has slowed down
- Meanwhile, freelance platforms are up: Fiverr is at an all time high (\$1.9B market cap) after posting strong Q1 results and giving a positive outlook
- Working from home levels playing field for freelancers?

162 million independent workers in the USA & Europe earn ~\$3 trillion per year. That's 20-30% of the total workforce, which could approach/exceed 50% within the next ten years.

Independent workers today

- 20-30% of workforce in USA & Europe, including freelance and gig economy (=162M people)
- On average, work 17 hours per week and make \$20-25 per hour.
- Implies \$1.3 trillion earnings in USA and another ~\$1.5 trillion earnings in Europe

The rise of freelance workers (USA plus Europe)



Freelance could increase to >50% of workforce, according to Upwork

Growth drivers:

- 42% of millennials (18-34) work freelance. Millennials will form 75% of the global workforce by 2025
- The number of independent workers in the European Union rose by 24% between 2008 and 2015, from 7.7 to 9.6 million ⁽¹⁾. The gig economy in the UK doubled in size between 2016 and 2019. It now comprises 4.7 million workers ⁽²⁾
- The Intuit 2020 Report estimated that 80% of large corporations plan to increase the use of freelancers in the coming years
- Rise of freelancers earning \$1M (Passion Economy)









Source: Mix of data from Upwork (USA data, and 2027 projections), McKinsey (USA & Europe status quo data) and assumptions by Dealroom.co

1. IPSE
2. TUC & University of Hertfordshire

Changing workplace: repetitive work is automated, talent is re-trained and better matched with employers, even remotely. Covid-19 will accelerate those trends.

























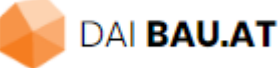
Need to better match supply & demand.
War for top talent.

Skills mismatch & reschooling need.
University degree losing importance.
Student debt crisis.

<p>Source candidates:</p> 	<p>Jobs search:</p> 	<p>Get inspired:</p> 	<p>Courses:</p> 
<p>Distributed teams:</p> 	<p>Automation:</p> 	<p>Reschooling:</p> 	

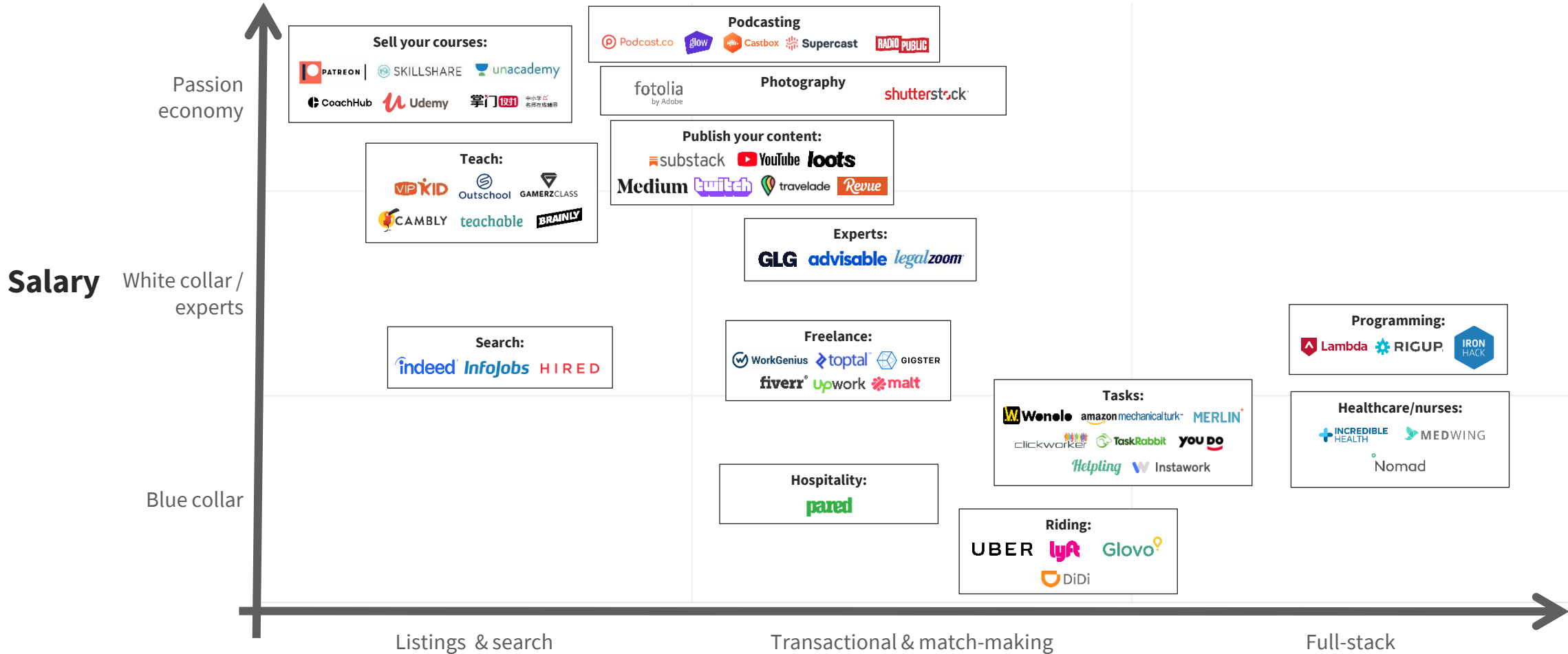
Source: Dealroom.co

As the job market slows due to recessionary pressures, vertical job marketplaces will play a major role in the rehiring process, with more efficient and cost-effective matching.

Hospitality	Retail	Healthcare	Software	Construction
				
				
				
				
				

Source: Dealroom.co

Match-making is expanding from gig-economy to passion economy.



Source: Dealroom.co

Solving the shortage of 18 million healthcare professionals

Interview with Johannes Roggendorf, MD and co-founder

Why did you start Medwing?

A few things came together: My experience building HR software, conversations with friends and family who work in hospitals and the extensive media coverage on the significant staffing shortage in healthcare. For healthcare staff, the picture is not much better. They are typically overworked and the industry is not as attractive as it used to be, meaning fewer workers are entering healthcare. According to the WHO there will be a shortage of 18 million healthcare professionals globally by 2030. MEDWING was born out of this bleak situation. Our mission is to solve this shortage of healthcare workers across the globe.

How does Medwing work? What's the business model?

MEDWING is a community that connects healthcare professionals with job opportunities in hospitals, care homes or doctor offices. Our unique matching logic finds the best job opportunities for anyone who wants to work in healthcare. Candidates register on our platform and tell us their preferences. From healthcare institutions we collect what it is like to work there as well as available opportunities. With better matching we improve resource allocation, reduce churn and increase job satisfaction. For candidates, our service is simple, time-saving and free. For employers, our service solves their biggest challenge: finding and keeping employees. Going forward, we see MEDWING as being the partner for both candidates and employers. For candidates, this means assisting them with payment services, affordable housing, childcare services so they are able to continue working in the industry. For employers this means integrated services such as shift managing tools or internal staffing pool solutions.

How do you see the healthcare recruitment space evolve going forward? How do you see the role of the government?

Recruiting in healthcare has changed dramatically over the last couple of years and it will continue to evolve. The power in the market has fundamentally shifted from employers to the candidates. Too often, hospitals just wait for candidates to call – with a firm belief that candidates will come to them. But the times have changed! Good candidates do not call but get called. Putting expensive ads on a job board is not going to work any either – it's outdated. Searching through hundreds of job ads with the same content, even with the nicest company profiles is just not a convenient service. On the contrary, it is time consuming, unpleasant and even worse, it does not guarantee the best outcome. Standalone online marketing campaigns very quickly get expensive, since the portion of generated traffic an individual hospital can use is just too small. Matching and platform solutions will be able to attract enough volume, structurally generate the best matches, and offer the best service at the lowest price for the whole industry.

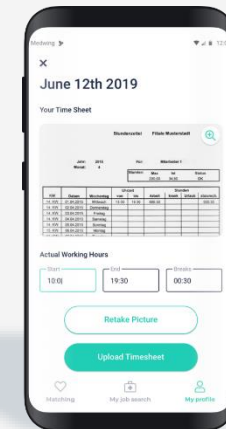
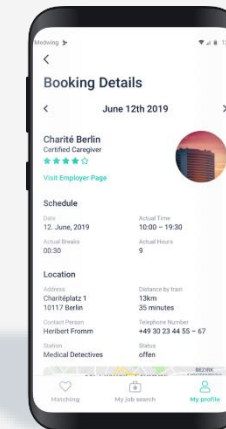
Role of government? Structurally, healthcare is typically publicly run. Certain changes can be done by individual institutions (for example more stability in shift planning for employees). However, certain things like funding, wages and qualification recognition can only be tackled at a government level. MEDWING can help in providing a united voice for nurses and doctors to voice concerns directly with governments, and become a partner to help governments improve working conditions and employee satisfaction and hence (indirectly) improve health system outcomes.

Which countries do you operate in today? Where does Medwing plan to expand next?

MEDWING currently operates in Germany, France and the UK. We plan to expand our services across Europe, and even further. We always try everything out on a small scale first. As soon as we know that it works, we roll it out in other countries. We are also expanding our range of candidate services around specialised roles, as well as assisting institutions in their recruitment efforts. Our mission is to solve the global healthcare staffing shortage and to improve access to healthcare provision for everyone in the world. So this is just the beginning.

What impact has Covid-19 had on healthcare recruitment?

Recruiting in healthcare has changed dramatically over the last couple of years and it will continue to evolve. Healthcare recruiting needs to modernise, now more than ever given the situation unfolding around the globe.

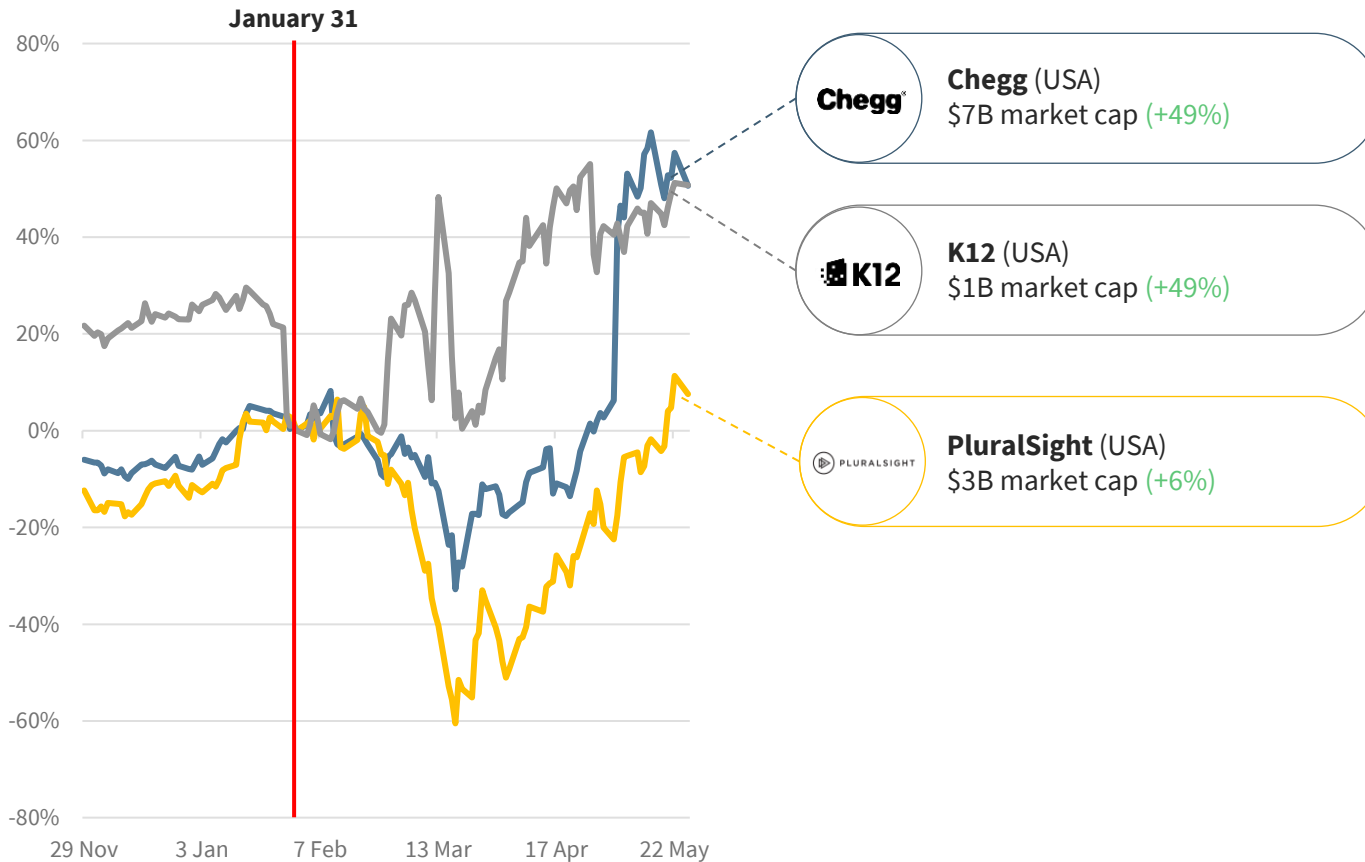


Education: a degree of disruption

The accepted definition of formal education is broadening, and the lines are now blurred between digital and physical classrooms. With even Cambridge University fulfilling lectures online, alternative skills providers, new formats and competitive price points come into play.

EdTech startups saw a surge in usage during Covid-19, but what happens when students go back to campus?

Share price performance



Source: Dealroom.co and Google Finance data as of May 27, 2020

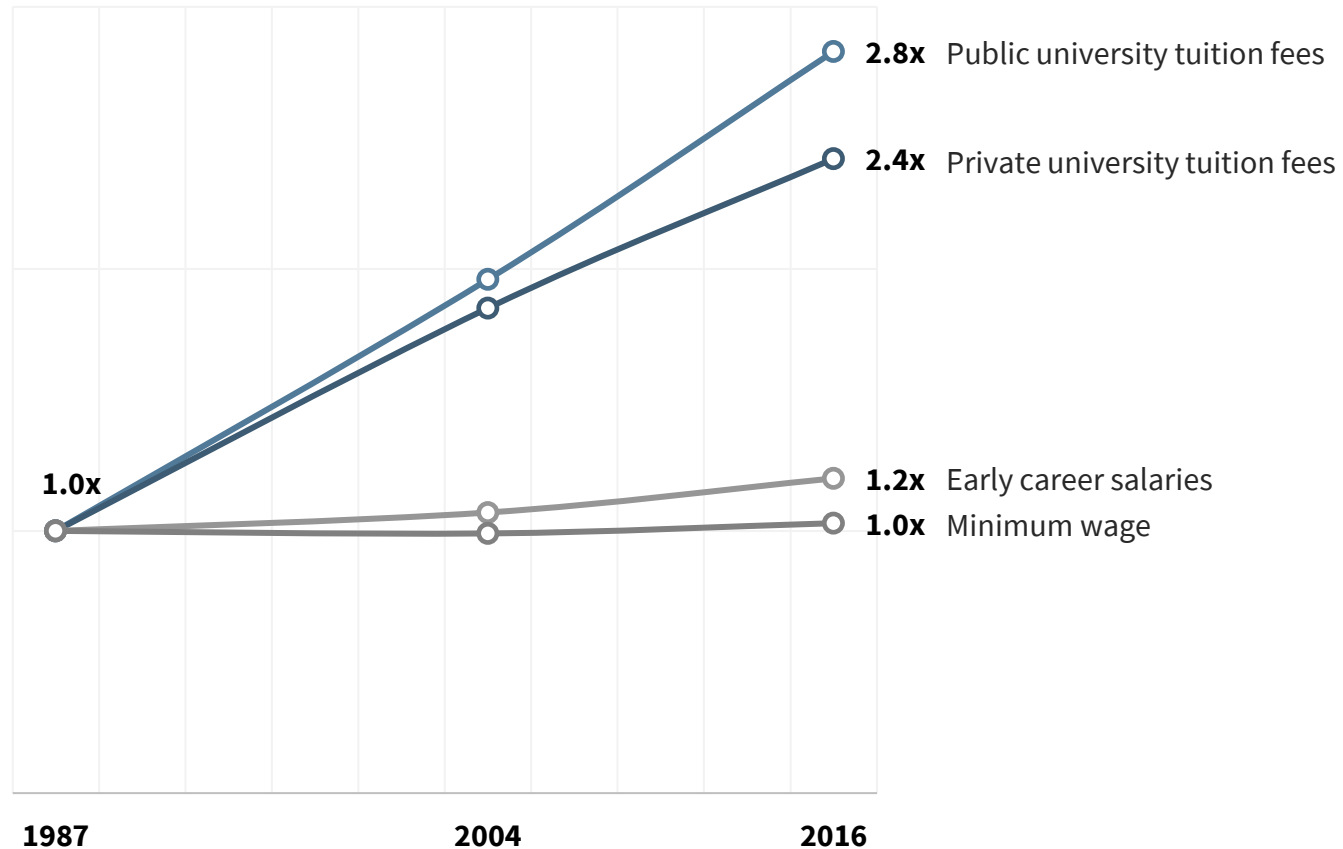
Opportunities

- The pandemic has forced hundreds millions of students to learn from home, putting tech companies at the forefront of making remote education possible
- Push towards remote learning
- Intensive Bootcamp learning model gained momentum

Challenges

- Convert freemium users
- Some households lack technology to access remote learning
- Established schools move curriculum online

Traditional universities are becoming increasingly unaffordable. US tuition fees outpace salaries.



Source: National Center for Education Statistics, National Association of Colleges and Employers, U.S. Department of Labor
Adjusted for inflation

- In the USA, tuition fees have massively outpaced salaries in recent years
- Meanwhile, concerns arise whether university is best preparation for today's workplace
- As universities move online, social and network benefits are lost
- In Europe, less of a direct comparison as university is more affordable, but the ROI question remains.

Following Covid-19, the lines are now blurred between physical and digital classrooms.

Access to learning materials on-demand
Using video to maximize student achievements
Mentoring becomes more important

Online learning platforms



Mentoring & Tutoring



P2P knowledge sharing



Interactive learning materials
Personalized and tailor-made curriculum
for maximum impact

Gamified learning



AI-driven learning



Promote student collaboration
Guide self-discovery and student engagement

Knowledge sharing & Collaboration



Student assessment and engagement



EdTech companies are helping schools and teachers to keep classes running during the crisis.

Children / Primary school

- Adaptive learning
- Engaging video content, slide shows, activities and assessments

Innovative teaching methods



Gamified learning



Assessment and feedback



High school

- Digital-first academic support and accessibility
- Smart assessment
- New types of curriculum in specialised areas such as languages, science or coding

Online tutoring



Online learning



Career planning



University and Adults

- Increase online courses from traditional institutions
- Income-sharing agreements: Study now, pay later
- Bootcamps to get learners 'job ready' in new professions

Online lectures



Job training and bootcamps





Collaborative online communities can empower students

Interview with Michał Borkowski, CEO and co-founder



What opportunity did you see that made you start Brainly?

The main reason was I just thought it would be so cool if I had a product like this when I was in high-school! When we started we were initially just focussing on Poland, but soon we realised that we were addressing a global problem. There are more than a billion students worldwide, and every student needs help in learning. We want Brainly to help all of them.

What have been the biggest challenges you've faced on your scaling journey so far?

There are the typical challenges you hear about; taking a company from 10 to 30 people, 30 to 100, and 100 to 200. But another challenge for us was maybe the timing of monetization. There are a lot of free tools out there, and our mission is to help students with learning, so we want to keep our free product very helpful, but at some point we have to turn on monetization.

Brainly is one of the standout companies in a new wave of Polish startups. What's it been like leading that charge?

I can name many bigger businesses than us in Poland! I feel that we're doing our job and we're very proud of it, but we're very humble and there are lots of other businesses doing great things. We have a number of initiatives where we try to share knowledge of what we do. And I'm always up for having a conversation with a founder that's looking to go global or raise, it's a supportive community. But we still have a lot to prove, even just in Poland.

The Covid-19 lockdown has changed where and how we spend our time? How has it changed the way we learn?

The Coronavirus crisis caused schools to close, but I think the government made a wise decision that learning should continue. The switch from offline to online learning happened within a week or two. I think this change is here to stay. Maybe not immediately, but long-term, the share of online education is going to increase dramatically levels, and that's the opportunity for companies like ours.

What impact has the lockdown had on your metrics over the last few months?

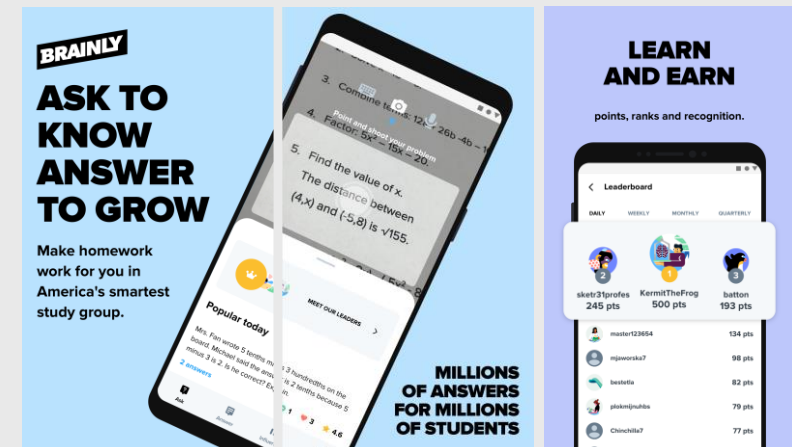
In many markets we've seen user numbers increase 100-500% year on year. We've also seen much higher levels of activity from users. Historically it was students who used Brainly, but now parent use has increased dramatically. I only see a great tail-wind for online education, even if hopefully this pandemic will soon be gone.

There wasn't much attention on online learning, and that's changing. We think that some of that will stay, but no one can know for sure.

How can edtech companies replicate the social aspects of offline learning?

We don't believe that all learning will move online. School does a great job in moving everyone in the same direction. Some students go slower or faster than the average school pace and this is where the opportunity lies for online education. But the forming of social connections is super important. Students tell us that they miss their friends and

miss collaborating on projects - all of these behaviours that form social connections. Schools are going to re-open, and it's what everyone wants. But we've definitely seen during this time that Brainly is an online community. We have expert supervision of course, but there is a lot of student interaction. Students ask questions, and help each other, and for a lot of people stuck at home it has helped to have those interactions with people outside of their normal circles. We see ourselves playing a role in covering that need, but I believe that face-to-face interaction is still super important.



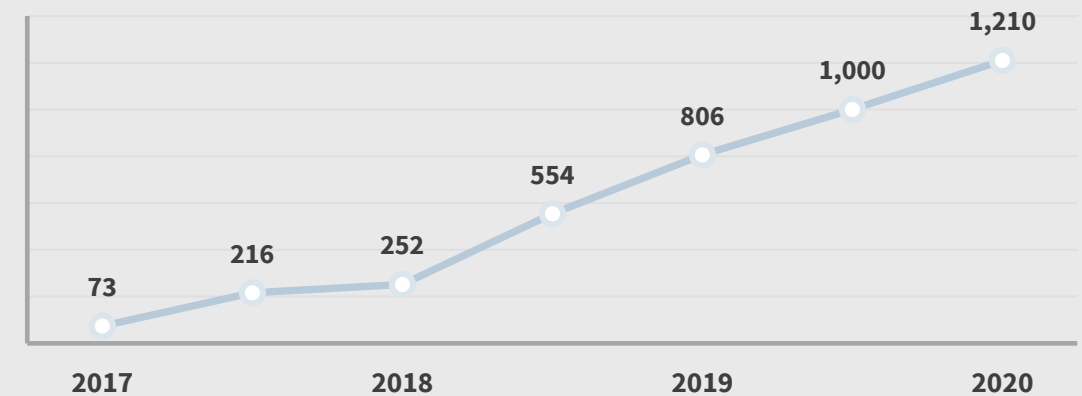
The meteoric rise of Lambda School, the Income Share Agreement based coding school

- What is Lambda?** Founded in 2017 by Austen Allred. Backed by Y-combinator, Bedrock. Total funding of \$44 million
- What does it do?** Trains people to be software engineers for free in exchange for a share of future income (e.g. an Income-share agreement). Share typically is 17% for 2 years (applicable only when annual gross income is above \$50k). **Income Share Agreements (ISAs) are available only to students living in the USA.**
- How big is it?** 2,700+ students enrolled as of 2019, and growing at 10 percent a month. In 2019 increased lifetime earnings by \$945 million. Lambda intends to enroll 10K students in 2020, which implies \$300M in ISAs.
- Why is it interesting?** University model is failing students. Model could possibly solve skills mismatch \$1.5 trillion student debt market. 40% of student borrowers are expected to default by 2023. The average student debt for college graduates is \$29k.
- Who else does ISAs?** Universities: Purdue University, University of Utah, Clarkson University
(Online) courses: Make School, IronHack, General Assembly
Business loans: Uncapped, Pioneer

Source: Dealroom.co

The meteoric rise of Lambda School

Employees



Launched in San Francisco with 1 6-month course. Backed by Y-combinator

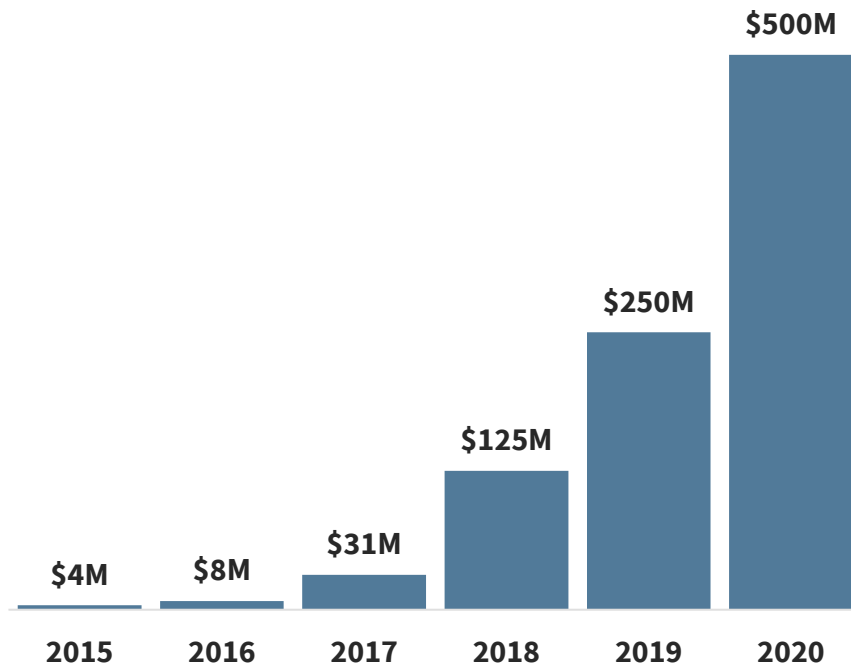
Increased course offering following Seed & Series A

Expand in Europe and Canada, and offer courses on cybersecurity following Series B









Focus on remote learning environments. Transition to live entirely-online programs.

Lambda intends to enrol 10K students in 2020, which implies \$300M in ISAs. That would create a market share of around 50%.

Total value of new Income-sharing agreements in the USA



Companies offering Income-sharing agreements

		Location	Year founded	Total funding
	General Assembly Immersive workforce training	New York	2011	\$154M
	Lambda School Trains people to be software engineers	San Francisco	2017	\$48M
	Make School Project-based software education	San Francisco	2012	\$15M
	Springboard Data Science and UX training	San Francisco	2013	\$13M
	IronHack Coding and web design bootcamp	Madrid	2013	\$7M
	Pathrise Mentorship for tech jobs	Berkeley	2017	\$4M
	Thinkful Data science and UX training	New York	2012	\$80M acquisition by Chegg in 2019
	App Academy Web development school	New York	2012	N/A

Source: Dealroom.co and Edly

Methodology.

Venture capital investment

Investment numbers refer to venture capital investment rounds such as seed, series A, B, C, etc and growth equity rounds. It excludes debt or other non-equity funding, lending capital, grants and ICOs

Buyouts, M&A, secondary rounds, and IPOs are treated as exits and not included in funding data.

Investment rounds are sourced from public reports including press releases, news, filings and verified user-submitted information.

Valuation

Company valuations are based on their market capitalisation if public or, if private, latest transaction value, which is either announced or estimated by Dealroom based on market-based assumptions.

Share prices are updated to May 27, 2020

Data source

Dealroom's proprietary database and software aggregate data from multiple sources: harvesting public information, user-generated data verified by Dealroom, data engineering. All data is verified and curated with an extensive manual process

Most underlying data from the report is available online via dealroom.co

For more info please visit dealroom.co or contact support@dealroom.co



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