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Deep-tech firms on the rise

Back to the future

After the wave of digital models, start-ups are going back to the roots of technological innovation. The shift from low tech to deep-tech is creating opportunities, of which Omnes, already firmly established in the sector, intends to take full advantage.

Venture capital has historically backed start-ups having pioneered disruptive technologies, companies whose R&D financing needs were by nature substantial. The revolution of the Internet and digital apps changed the market with the advent of a new breed of start-ups providing new uses rather than new technologies (components, materials, etc.). *“Like Amazon, the winners were those who succeeded in raising the most money, not to finance new tech solutions but to finance the marketing of new uses,”* says Michel de Lempdes, Managing Partner at Omnes.

New paradigm

With the digital movement running out of steam, start-ups are once again focusing on technological innovation. Originating from fundamental research in artificial intelligence, nanotechnologies, robotics and materials, they are the spearhead of a new industrial

revolution. *“Europe, and France in particular, has a world-class network of research laboratories,”* says Michel de Lempdes. *“In a new development, we also have experienced deep-tech entrepreneurs heading up new start-ups for the second or third time.”*

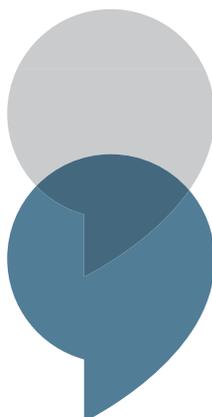
Seed capital in France is backed by impressive financing thanks to the national seed fund, FNA, which is releasing a further €600 million for innovative small companies. *“However, there aren't many asset managers able to take up the baton from seed funds and finance successive rounds in the deep-tech sector. A full 83% of fund investments are currently geared towards low tech, compared with just 17% for deep-tech,”* says Michel de Lempdes. This missing link in the financing chain offers a real investment opportunity for players with experience in supporting deep-tech start-ups, these last requiring advice from experts on specific

topics such as international development, quality processes, R&D roadmaps and marketing.

A unique deep-tech track record

Omnes is a long-standing deep-tech player and has a unique track record in the segment. It has made 27 investments since 2001, and 14 exits have generated a gross multiple of 2.1x, notably with Novalied (sold to Samsung), Dibcom (to Parrot) and EVE (to Synopsys). The team benefits from an international network of highly responsive experts and entrepreneurs and a large European deal flow. It has also developed a rigorous selection process.

Intent on strengthening its presence in the deep-tech sector, Omnes is launching a special new fund called Omnes Real Tech. The aim is to build a portfolio of 15 to 20 European start-ups developing disruptive technologies in health and industry and having gone beyond the seed phase. *“The aim is to raise between €100 million and €150 million,”* says Michel de Lempdes. *“We want to open the fund up 30% to corporates so as to create partnerships between these last and start-ups.”* The first closing is planned for early 2018.



Key figures

83% of venture capital investments are allocated to low-tech companies, **17%** to deep-tech companies.¹

3.5x The number of deep-tech start-ups founded in Europe more than tripled between 2011 and 2016.²

1. Source: Omnes and Crunchbase, on the basis of 276 transactions in France and 243 in Germany, 2017.

2. Source: “State of European Tech Report”, Atomico, November 2016.

“27 investments and 14 exits completed in deep-tech since 2001, have generated a gross multiple of 2.1x”

OMNES LAUNCHES OMNES REAL TECH

Invest in B2B deep-tech start-ups

Target size
€150m

Build a portfolio of 15-20 European start-ups

Investments in underlying technologies for health and industry:

- High-end sensors and semi-conductors
- Machines
- Advanced software/big data
- New materials

A unique track record in deep-tech since 2001

