



THE STATE OF FOODTECH

research project RAFFAELE MAURO



JUNE 2014

EXECUTIVE SUMMARY

From 2012 to date there has been a new wave of investments in innovative companies related to the food industry. An increased number of transactions was coupled with the involvement of the major players of the venture capital industry.

Startups operating in the food tech area are revolutionizing the way food is produced, distributed and consumed, and are revitalizing an entire industry with new business models and customer experiences.

A significant pipeline of open innovation opportunities has been generated, with the potential to structure acquisitions, commercial deals and partnership between big industry players and startups. P101 is positioned at the forefront of the food tech market and could act as a key player in the innovation process: the fund has invested in relevant startups in this sector and it is continuously scouting the market for new teams and technologies.



FOOD STARTUPS ARE HITTING THE HEADLINES

Just Eat IPO Values It At \$2.44BN, Company First To Test LSE's New Tech-Friendly Market

TECHCRUNCH - Posted Apr 3, 2014 by Mike Butcher (@mikebutcher)

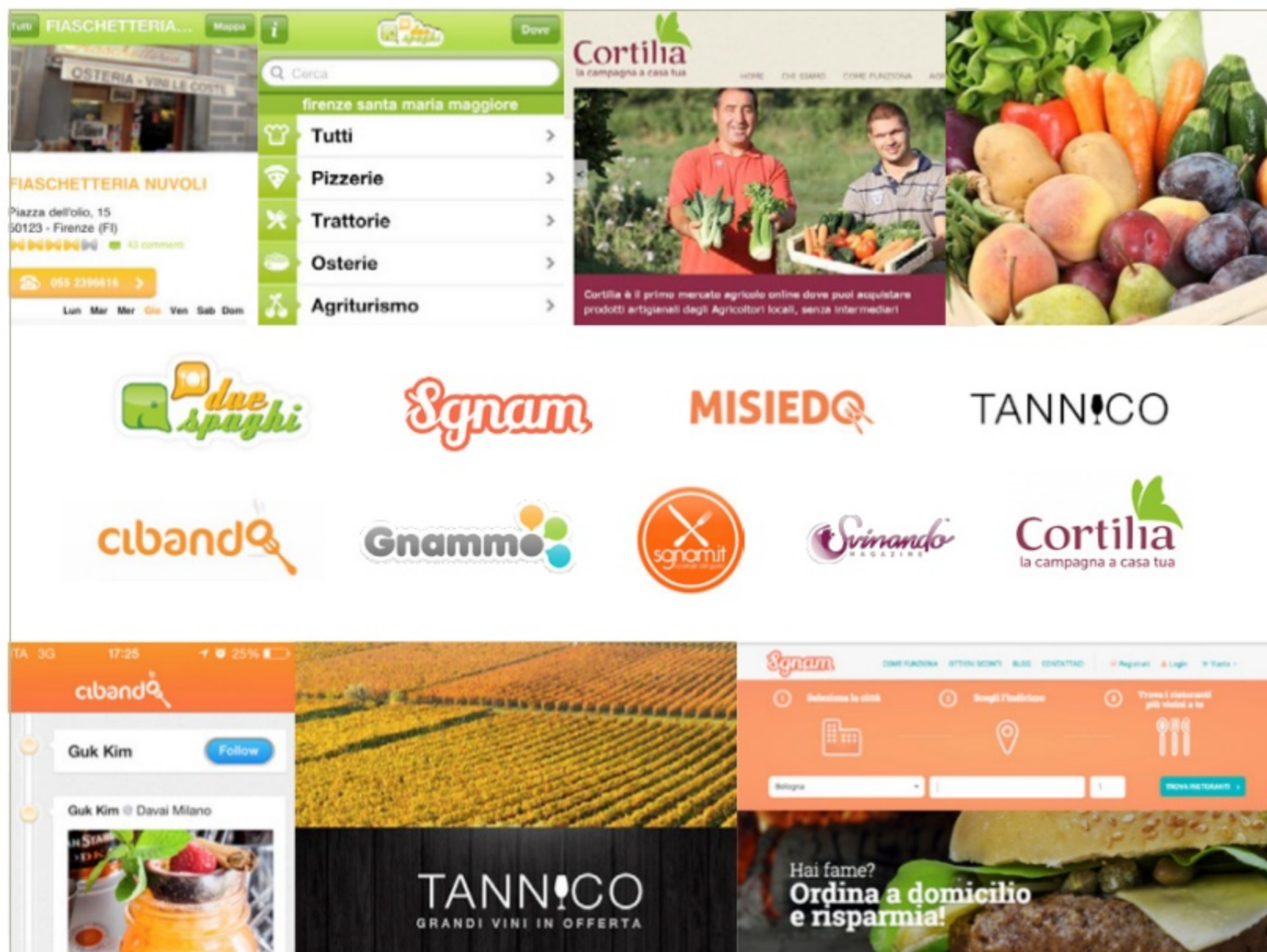
Exclusive: Blue Apron raising new funds at \$500 million

FORTUNE - By Erin Griffith Posted April 7, 2014 3:36 PM ET

Tamburi Investment Partners Invests 120 Million Euro in Eataly

PAMBIANCONews - Tuesday 11 March 2014

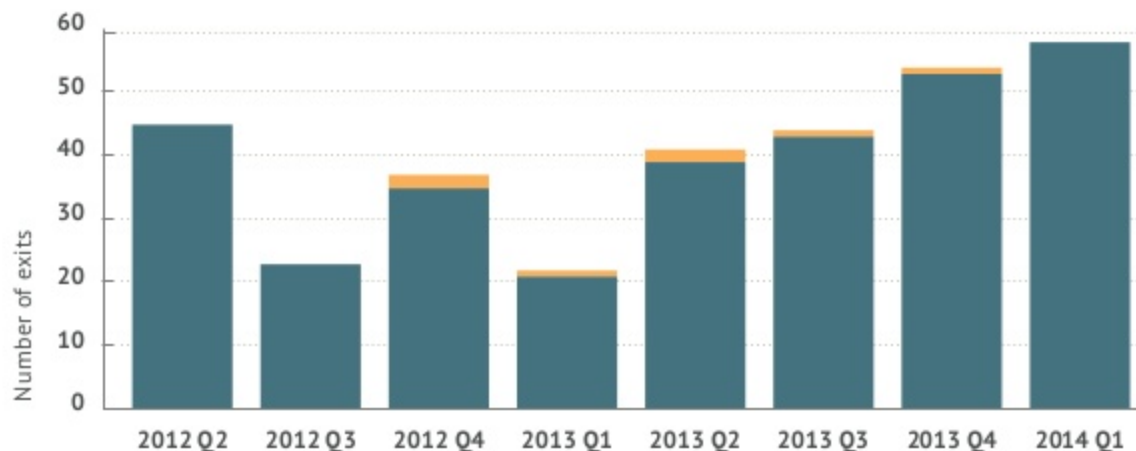
The food industry is transforming itself through open innovation, digital technology and new customer experiences



MARKET OVERVIEW:

FOOD & BEVERAGE FUNDING SCENARIO

TOTAL
FOOD & BEVERAGE
FUNDING
Q1 2012 - Q1 2014*



M&A
(Food & Beverage)

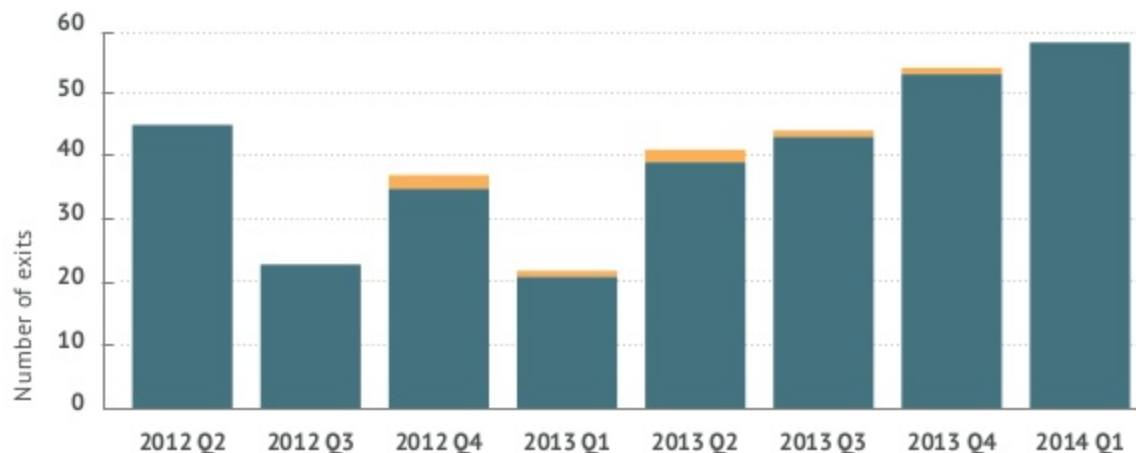
IPO
(Food & Beverage)

- **\$1.38 Bn** invested (VC, PE, Corp VC, Angel) in 2013, mostly US data
- **397 deals; +37,4%** yearly growth
- **Q1 2014** was the best quarter in term of number of deals

* Source: CB Insights

MARKET OVERVIEW: FOOD & BEVERAGE M&A

TOTAL FOOD & BEVERAGE M&A DEALS Q1 2012 - Q1 2014*



M&A
(Food & Beverage)

IPO
(Food & Beverage)

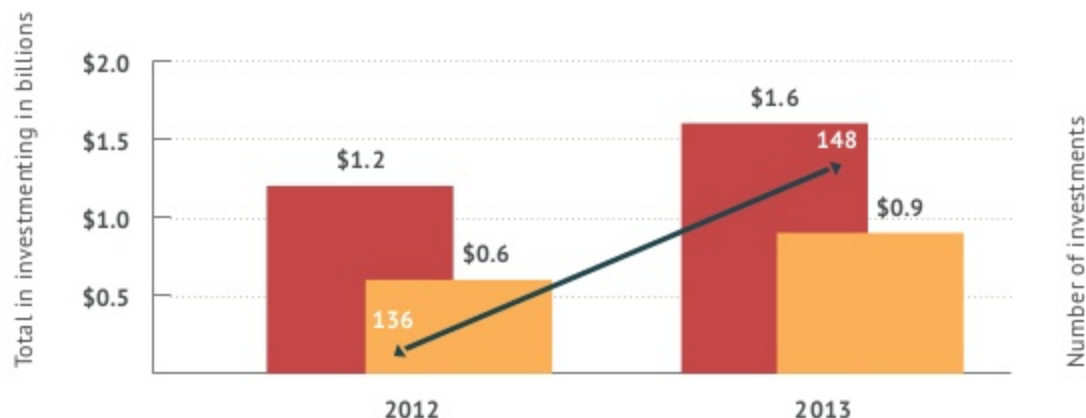
- **197** exits last year
- **+55%** yearly growth
- **Q1 2014** was the best quarter in term of number of exits

* Source: CB Insights



MARKET OVERVIEW: FOOD TECH & MEDIA

TOTAL FOOD TECH & MEDIA VC INVESTMENTS AND M&A DEALS 2012 - 2013* US



Food Tech/Media
Investment (\$B)

Food Tech/Media
Investment (\$B)
(Adjusted)

Food Tech/Media
Investment Deals

Food Tech & Media investments higher than Food & Beverage

- 2013: **\$1.6 Bn** invested in in Food Tech with 148 deals
- 2012: **\$1.2 Bn** invested with 132 deals
- Average deal size from **\$4.6 M** to **\$5.6 M**
- Excluding the Media component, **\$930 M** invested in 2013 and **\$560 M** for 2012

* Source: Rosenheim Advisors



360° CHANGE: ORDERING, DELIVERY, ANALYTICS, MEDIA, SOCIAL

EACH AREA OF THE FOOD EXPERIENCE
IS DISRUPTED BY DIGITAL TECHNOLOGY



* Source: Rosenheim Advisors

OPEN INNOVATION: LEVERAGING LEAN STARTUPS

*“Everyone eats, everyone is online;
what the hell we waiting for?”*

Dave McClure – 500 Startups

SPACE FOR DISRUPTION:

- New layers in the food experience: local, social, mobile, metadata, ecommerce, digital payments, analytics, retail
- Inefficiencies still exist: personalized & health choices, logistics & routing, waiting time, social layer, recommendations.
- New startups are lean, fast & experiment at low cost

OPEN INNOVATION IS KEY TO CORPORATE SUCCESS:

- *Example:* Google has acquired 91 startups since 2010

OPEN INNOVATION THROUGH FOOD STARTUPS:

- Startup acquisitions bring high-potential innovation at low cost



FOOD STARTUPS: AREAS OF INNOVATION

- RECIPES AND COOKING COMMUNITIES
- RECIPE BOX AND SEARCH
- PUBLISHERS
- DIGITAL CONTENT
- VERTICAL AD NETWORKS
- PRODUCT GUIDES AND DISCOVERY
- GROCERY CPG: COUPON DISTRIBUTORS, COUPON AGGREGATORS, MOBILE COUPONS, LOYALTY REWARDS
- MOBILE / ONLINE: ORDERING, B2B TRANSACTIONS
- FOOD ECOMMERCE
- FOOD DELIVERY
- PRODUCT DEALS / OFFERS
- RESTAURANT REVIEW AND SEARCH
- PERSONALIZED RESTAURANT DISCOVERY
- RESERVATIONS, ORDERING, PAYMENTS
- RESTAURANT MARKETING / ANALYTICS



** P101 elaboration on data from Rosenheim Advisors*

TRENDS IN THE NEW FOOD TECH STARTUPS



Grocery delivery integrated with **recipe discovery** and cooking-related educational material



Pick up spots delivery options
(beyond home delivery), weekly featured food



Focus on **health, nutrition, lifestyle**
and **women consumers**



New verticals: **tools for restaurants, office catering, school catering, lunchboxes**



Video for food lovers, cooking lessons and other rich media content



Global repositories beyond restaurants:
recipes, chefs, kitchenware



WE ARE NOT IN THE 90s

DOTCOM COMPANIES

failed because of flawed business models and wrong cost structures

BUT

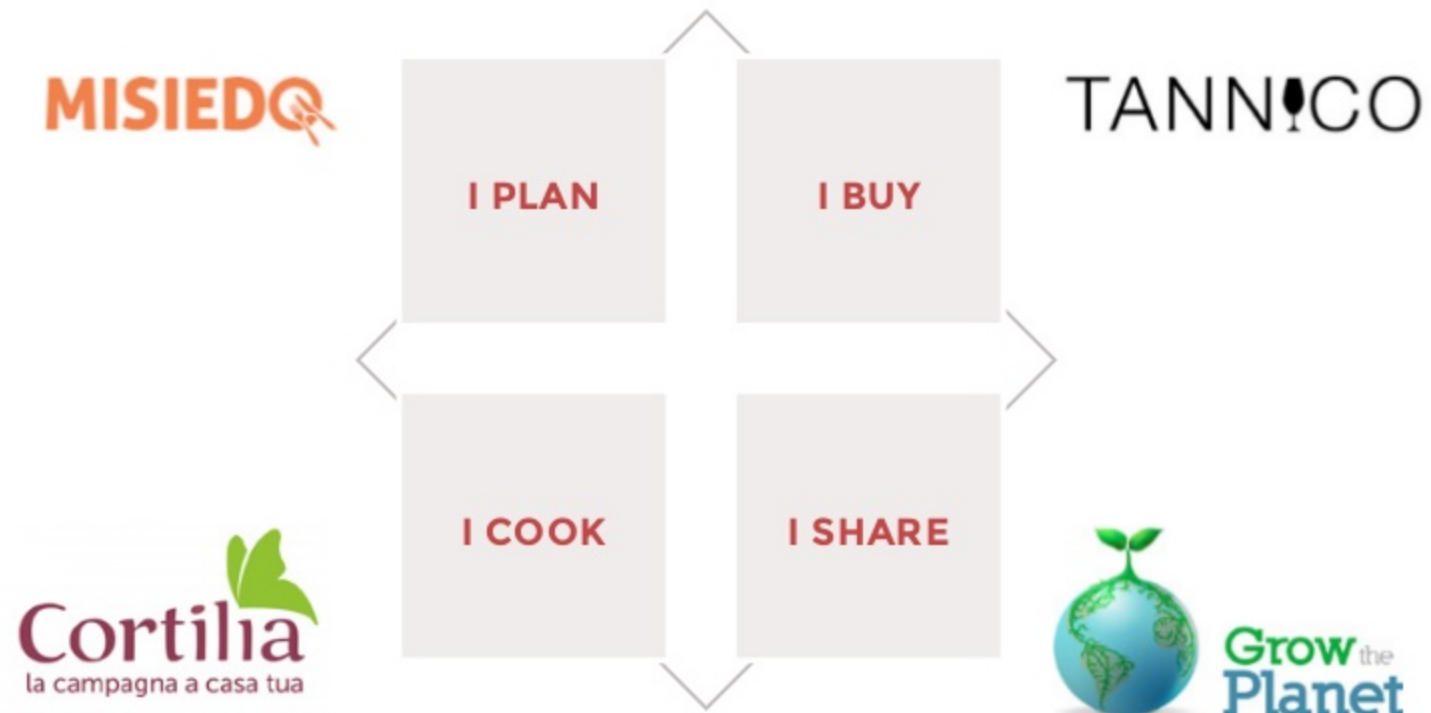
...TIMES HAVE CHANGED:

- Robust business models
- Smarter investors
- Lean approach: experiment, fail fast, learn
- Drop in start-up launch & development costs



THE CUSTOMER EXPERIENCE

EXAMPLES FROM THE ITALIAN ECOSYSTEM



EXAMPLE OF A “HOT SPOT”: THE FOOD DELIVERY AREA

DURING THE FIRST 4 MONTHS OF 2014:

\$177 M VC investments
in the **food delivery area**

spoon
rocket

MUNCHERY

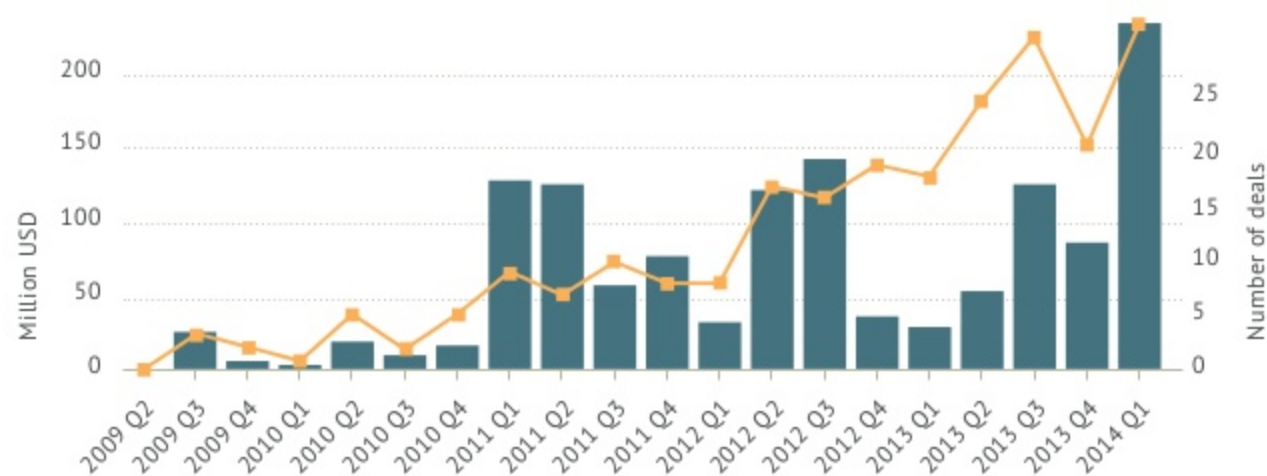
Blue
Apron

foodpanda
indonesia

DELIVERY HERO

spring

FOOD DELIVERY HITS 5-YEAR HIGH



■ Funding
(food delivery)

—■ Deals
(food delivery)

Q1 2013 -Q1 2014:

- Food delivery startups funding up **51%**
- 4 out of 5 of Food delivery VC deals take place **outside Silicon Valley**
- European example (Berlin): Delivery Hero raised **\$300 M** overall

* Source: CB Insights

FOOD TECH INVESTMENTS TOPOLOGY



INVESTORS IN FOOD TECH COMPANIES

EXAMPLE:

JustEat raised funding from top investors such as Greylock and Index.
IPO in April 2014

The logo for Accel Partners, featuring the word "ACCEL" in a large, red, serif font, with "PARTNERS" in a smaller, red, serif font below it.The logo for Kleiner Perkins Caufield Byers (KPCB), featuring the letters "KPCB" in a large, white, sans-serif font, with the full name "KLEINER PERKINS CAUFIELD BYERS" in a smaller, white, sans-serif font to the right.The logo for Khosla Ventures, featuring the words "khosla ventures" in a lowercase, sans-serif font, with "khosla" in a dark grey color and "ventures" in a lighter grey color.The logo for Greylock Partners, featuring the words "greylockpartners." in a lowercase, sans-serif font, with "greylock" in a dark grey color and "partners." in a blue color.The logo for SV Angel, featuring a stylized orange "S" above the word "VAngel" in a lowercase, sans-serif font, with "SV" in a smaller, orange, sans-serif font to the left.The logo for 500 Startups, featuring the number "500" in a large, white, sans-serif font, with the word "STARTUPS" in a smaller, white, sans-serif font below it, all on a black background.The logo for Index Ventures, featuring the word "Index" in a blue, sans-serif font, with the word "Ventures" in a brown, sans-serif font below it.The logo for Physic Ventures, featuring a stylized blue and green circular graphic above the word "PHYSIC" in a bold, green, sans-serif font, with the word "VENTURES" in a smaller, green, sans-serif font below it.

FOOD TECH & MEDIA

INVESTMENTS 2013 - SELECTED

COMPANY	\$M	COMPANY	\$M	COMPANY	\$M	COMPANY	\$M
Olo	5.0	Chewse	1.0	Tastemade	10	MyCheck	4.2
Abe's Market	5.0	Eatclub	5.0	Punch	3	Tabbedout	7.75
ChowNow	3.0	FarmersWeb	1.0	Glam Media	25	MouthFoods	1.5
LocalResponse	1.5	LoyalBlocks	9.0	Blue Apron	5	Index	7
EatStreet	2.0	Swipely	12.0	Dryinc	0.9	Yub	12
Blu Apron	3.0	Marqeta	14.0	MyFitnessPal	18	Postmates	N/A
Kitchensurfing	1.0	Foodpanda	20.0	Aisle50	2.6	TouchBistro	4.5
ClubW	3.1	Panna	1.3	Clutch	5.3	Qloo	3
Moment Feed	1.8	EMN8	51.5	DoorDash	2.4	Sprig	1.2
Perkville	0.5	Revel Systems	10.1	Leaf	20	Zomato	37
Food 52	2.0	E La Carte	13.5	Goldbely	3	ShapeUp	7.5
500friends	5.0	MyWebGrocer	154.0	HelloFresh	7.5	Delivery Club	8
Tastemade	5.3	Belly	12.1	GoodEggs	8.5	The Orange Chef	1.2
Relay Foods	8.2	Naked Wines	10	Zipments	2.25	MomentFeed	5.5
HealthyOut	1.2	Gratafy	1.45	Mogl	1.1	Freight Farms	1.2
Plated	1.4	Delectable	2	IfOnly	12	Gousto	2
SavingStar	9.1	GrubHub	N/A	Real Food Works	1.5	PowerSupply	N/A
Kitchensurfing*	3.5	Restorando	13.3	Butter Systems	N/A	Daily Secret	1.25

Excluding **\$154 M** MyWeb Grocer growth deal, Foursquare **\$35 M** deal and Yelp's **\$288.9 M** new stock offering. Excluding angel investments and deals below **\$500k**

* Two deals in the same period



FOOD TECH & MEDIA

INVESTMENTS 2014 (JANUARY-JUNE)

COMPANY	\$M	COMPANY	\$M	COMPANY	\$M
GetYourGuide	4.5	Dash	1.2	Meican	10
BrightFarms	4.9	Granular	4.2	PunchTab	6.5
Yiftee	2.1	Postmates	16	Blue Apron	50
Food Genius	1	iFood	2	DeliveryHero	85
Drizly	2.25	Tapingo	10.5	AgLocal	1.3
Venga	1	Foodpanda	20	ezCater	3
Farmlogs	4	Noom	7	NatureBox	18
Main Street Hub	14	Kitchensurfing	15	Munchery	28
Culinary Agents	0.5	Ricebook	7	Drync	2.1
Delivery Hero	88	Spring	10	Spoonrocket	11
Planted	5	TouchBistro	1.5	EatStreet	6

Excluding angel investments and deals **below \$500k**



FOOD TECH & MEDIA

M&A 2013 - SELECTED

BUYER	TARGET	VALUE (\$M)	BUYER	TARGET	VALUE (\$M)
Yahoo	Alike	N/A	GoDaddy	Locu	70
Pinterest	Punchfork	N/A	Groupon	Plumfare	N/A
Pinterest	Livestar	N/A	Zero Point Zero	FoodRepublic	N/A
TripAdvisor	Tiny Post	N/A	Groupon	Sidetour	N/A
Twitter	Spindle	N/A	Food52	RealTime Farms	N/A
OpenTable	JustChalo	11	Anderson Press	Caskers	N/A
OpenTable	Foodspotting	10	First Data Corp	Perka	30
DeliveryHero	Hungryhouse	N/A	eBay	Shuttl	N/A
DeliveryHero	EatitNow	N/A	8Coupons	Clipless	N/A
PMB	Pushpins	10-15 (est.)	AgSquared	Local Dirt	N/A
Fancy	Samplrs	N/A	UnderArmour	Map My Fitness	N/A
Jawbone	MassiveHealth	N/A	VoxMedia	Curbed Network	20-30 (est.)
Coupons.com	KitchMe	N/A	GoodEggs	LolaBee Harvest	N/A
Target	Cooking.com	N/A	Coupons.com	Yub	30
Target	Chefs Catalog	N/A	Cookpad	Althecooks	N/A
Seamless (merger)	GrubHub	N/A	OpenTable	Quickue	11
EMN8	Snapfinger	N/A	Lifelock	Lemon	42.6
Harvest Mark	ShopWell Solutions	N/A	Square	Evenly	N/A

