


Report:
International Investments
of Finnish Venture
Capital Investors

14.10.2021



Pääomasijoittajat
Finnish Venture Capital Association



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1. Introduction:

International Investments of Finnish Venture Capital Investors

In 2020, Finnish venture capital investors (later VC investors) invested a record €274 million in startups and early-stage growth companies. Of this amount, €51 million was invested in foreign companies. The number of investments directed outside Finland has increased in recent years, which indicates the internationalisation of Finnish VC investors' operations.

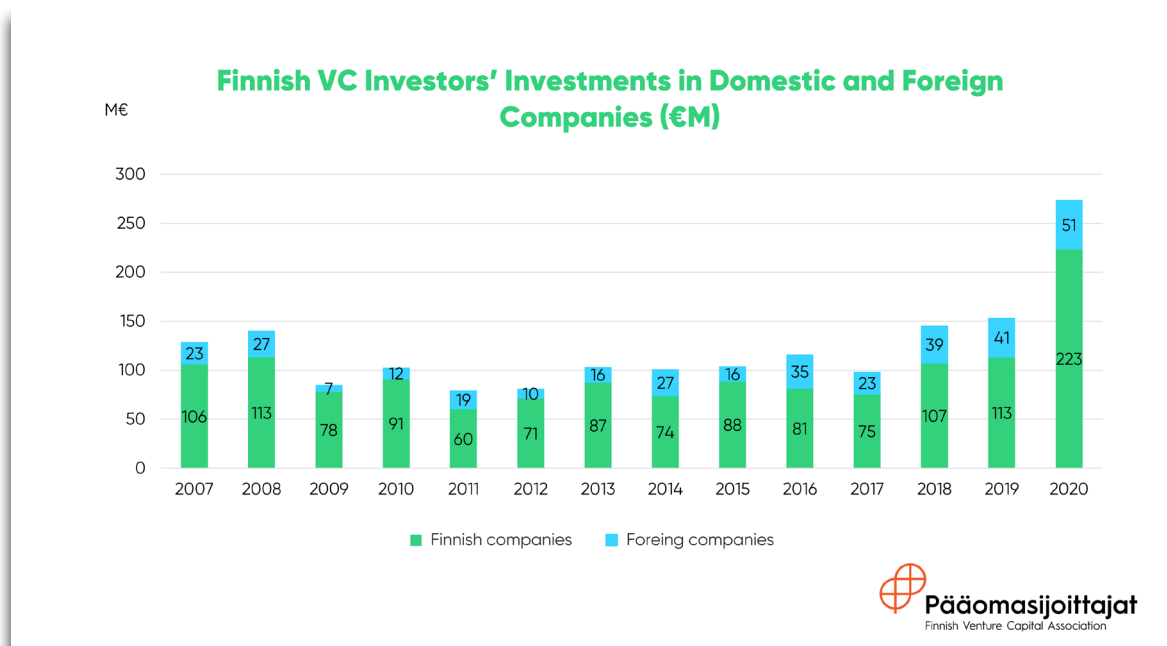


Figure 1. Finnish VC Investors' Investments in Domestic and Foreign Companies

Finnish investors often make international investments syndicated with other investors: 75% of investments by Finnish investors in foreign companies have been made together with one or more co-investors. The co-investors have been, for example, Danish Heartcore Capital, Norwegian Northzone and Swedish Creandum, all investors that have also actively invested in Finnish companies.

The internationalisation of the Finnish venture capital industry and the expansion of networks are beneficial in many ways:

- Due to expanding international networks, Finnish investors have a larger number of promising companies in their radar.
- Finnish companies aiming at international markets benefit from the fact that their investors have experience from other markets outside Finland.
- Cooperation between Finnish and foreign investors brings both international investments and top talent from different fields to Finland.

"In addition to these benefits, the internationalisation of the financing ecosystem also accelerates the international fundraising of Finnish venture capital funds. This means that an increasing number of foreign fund investors invest in Finnish VC funds, helping the average size of Finnish funds to reach the European level," comments **Pia Santavirta**, Managing Director of the Finnish Venture Capital Association (FVCA).

2. Venture Capital Investments Made in 21 Different Countries, Swedish Firms Received the Most Investments

Investments made by Finnish VC investors from 2013 to spring 2021 were analysed for the report. During the analysis period, a total of 30 Finnish VCs made investments in foreign companies. Investments were made in a total of 184 foreign startups located in 21 different countries.

Almost a third of the foreign companies that attracted capital from Finnish VCs were located in Sweden, where Finnish investors have a total of 56 portfolio companies. Investments have also been made in startups from, for instance, the United States (29), Estonia (29), the United Kingdom (16), Germany (12), and Denmark (10). A total of 152 investments have been made in companies from these countries – more than 80% of all international investments made by Finnish VCs.

During the analysis period, most capital was invested in Sweden (€52m), the United Kingdom (€34m), the United States (€30m), Estonia (€26m), Germany (€25m), and Denmark (€15m). The United Kingdom received the second largest amount of capital, despite receiving the fourth most investment in terms of the number of investments.

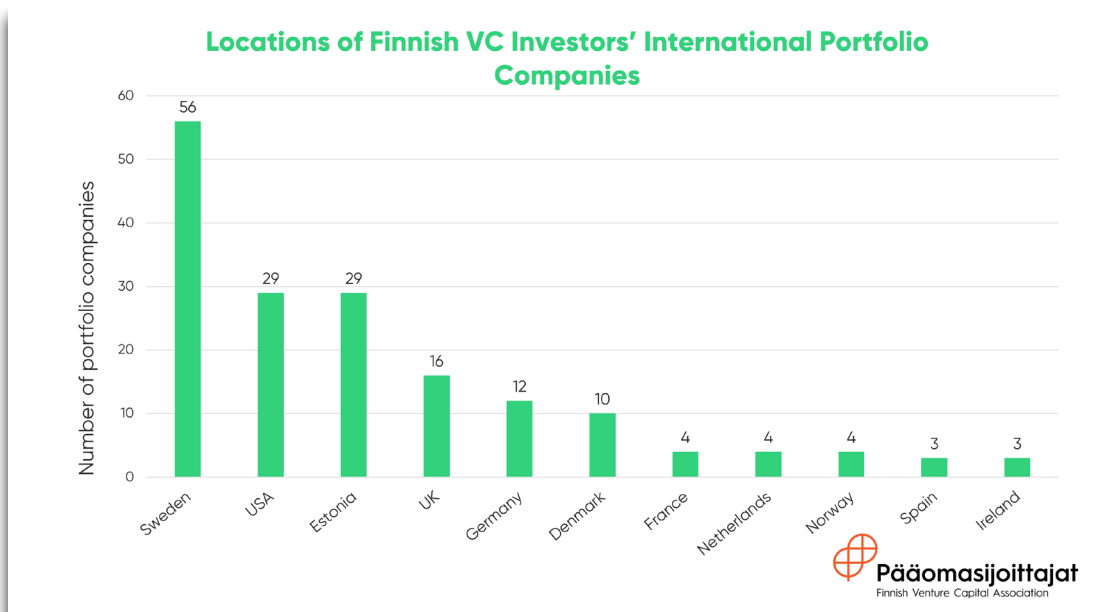


Figure 2. Locations of Finnish VC Investors' International Portfolio Companies



3. The Most Active Finnish Venture Capital Investors Investing in Foreign Companies

The 13 most active Finnish VCs investing internationally have made a total of 146 investments in foreign startups and early-stage growth companies.

According to the Finnish Venture Capital Association's statistics, the most internationally active Finnish VC investor is Inventure, which invests in early-stage startups. Inventure has invested in 29 foreign companies, which corresponds to 16% of all international investments made by Finnish VC investors. Other Finnish VC investors who are particularly active abroad include OpenOcean (19), Lifeline Ventures (18), Gorilla Capital (17) and Icebreaker.vc (12).

The most internationally active Finnish VC investors have increased their personnel and opened new offices abroad. For instance, Inventure, which has made the most international investments has an office in Stockholm. OpenOcean, which has made the second most international investments has offices/personnel in both London and Amsterdam.

The VC's that have made the most the most investments in foreign companies have typically built strong networks with investors outside Finland.

"The network we have built over the decades is very valuable as it makes it easier for us to help our portfolio companies build international growth, recruit top talent, and raise follow-on funding. Not being solely focused on the domestic market also helps us find the best portfolio companies for our funds," says **Sami Lampinen**, founding partner of Inventure.

"Internationalisation is a prerequisite for our financial ecosystem to remain competitive and keep evolving. It has been great to see that the Covid-19 pandemic did not reduce the international investments of Finnish VC funds – rather the opposite," Santavirta continues.

Over the past few years, new thematic funds have been established in Finland, which have typically been active in making international investments. For example, Sparkmind.vc, which invests in educational technology companies, has made three investments outside Finland – in Sweden and Denmark – in 2021 so far.

"The report's data does not yet fully reflect the fact that the new thematic funds are highly international. However, their presence in the market can be expected to increase the international investment activity in the coming years," Santavirta concludes.

13 Finnish VC Investors Have Made at Least Five International Investments

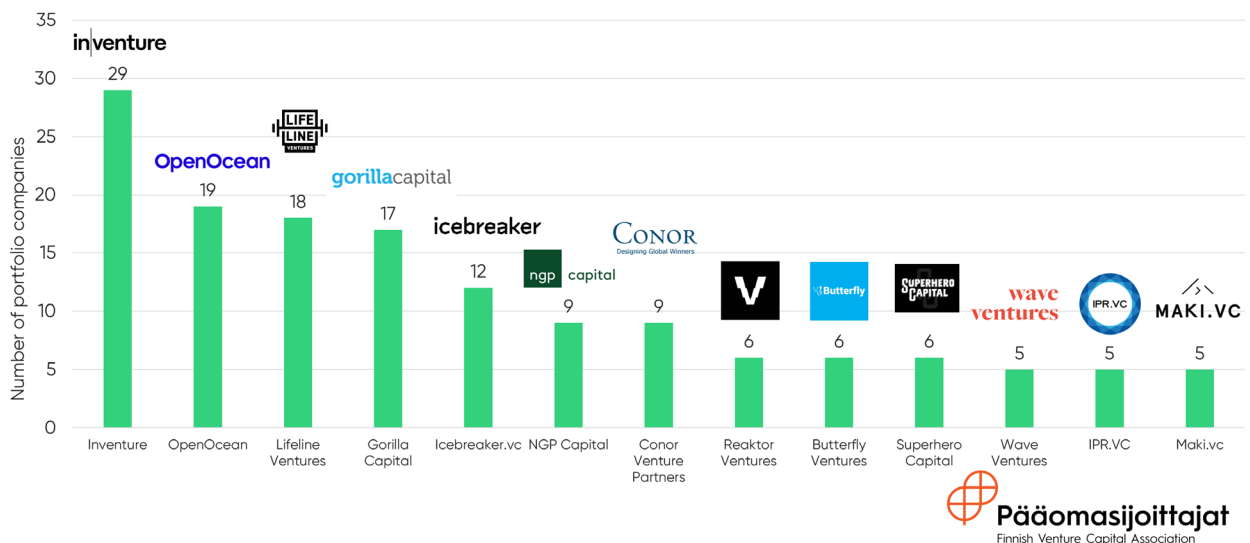


Figure 3. 13 Finnish VC Investors Have Made at Least Five International Investments.

4. ICT Companies and Seed-Stage Startups Have Received the Most Investments

According to the data, Finnish VC investors are interested in the same industries both in Finland and abroad. During the analysis period, ICT companies received the most investments from Finnish VCs. In addition, a number of investments have been made in B2B and B2C product and service providers, and biotechnology and health technology. In domestic investments, B2B companies and health technology stood out slightly more, while international investments were more focused on the ICT industry.

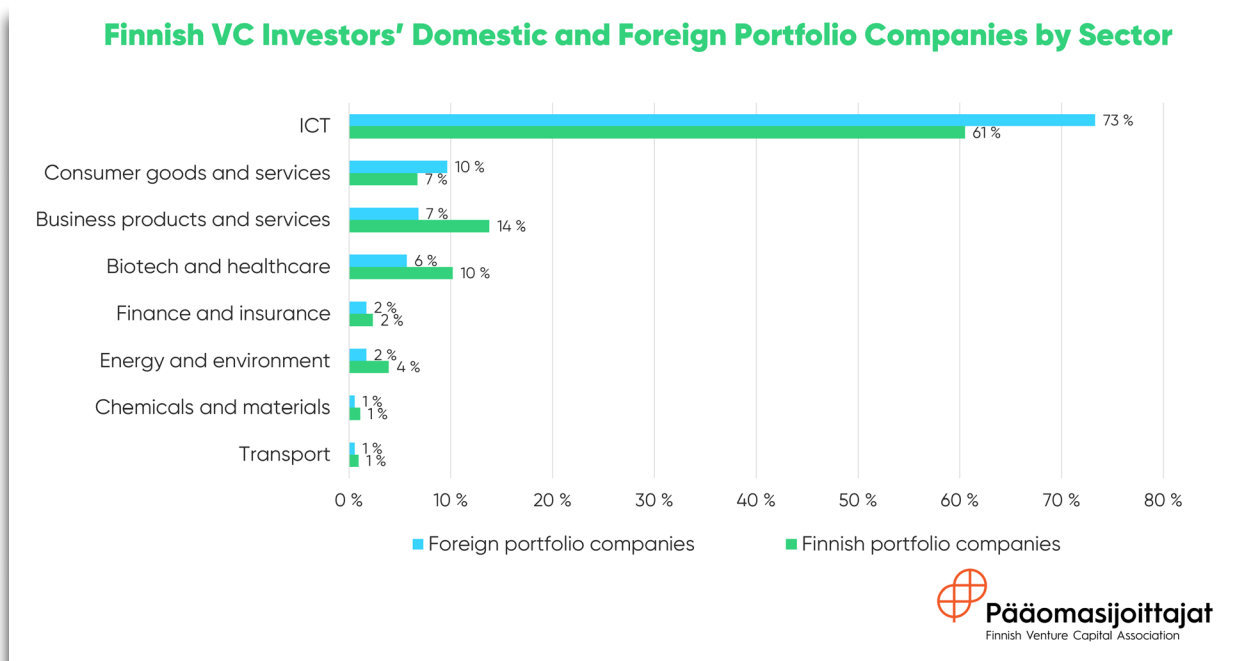


Figure 4. Finnish VC Investors' Domestic and Foreign Portfolio Companies by Sector.

During the analysis period, about a half of Finnish VC investors' international investments were made in seed-stage startups. The share is larger than in domestic investments, of which seed-stage funding accounts for 37%. A seed-stage investment refers to investments made in early-stage startups, where the company's product or service is still in the product-development and market research phase. Funding rounds in the seed stage are also smaller than in later stage investments.

Of all international investments made by Finnish VCs, the share of start-up phase investments was 38%. In domestic investments, on the other hand, the share is higher – almost half of all VC investments.

When it comes to more advanced startups in the later-stage venture phase, the share of investments was slightly less in international (10%) than domestic (14%) investments. It is typical for later-stage venture investments by Finnish VCs to be made together with international investors. Similarly, most of the later-stage investments made in Finnish companies, measured in the amount of capital, come from foreign VC investors.

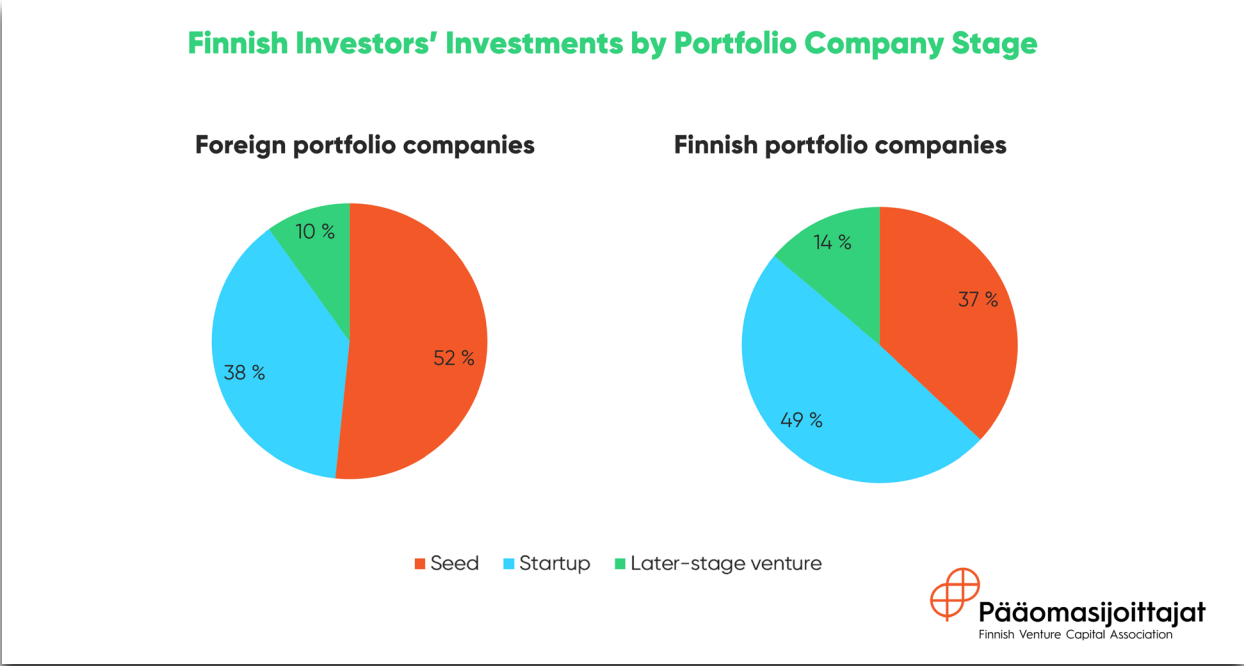


Figure 5. Finnish Investors' Investments by Portfolio Company Stage.



5. **C a s e E x a m p l e s :** Finnish Venture Capital Investors' International Investments

Truecaller and TIER Mobility

Many of us know the caller-identification app Truecaller, and the electric scooter company TIER. In addition to being market leaders in their relevant markets, what these companies have in common is the fact that they are both backed by Finnish venture capital investors.

OpenOcean, which actively makes international investments, invested in the Swedish Truecaller in 2012, just three years after the company was founded. In the year following the investment, the company grew at a fast rate and the app's user count reached ten million. In addition to caller-identification, Truecaller began offering payment and financial services.

In early 2014, the company's growth gained further momentum as U.S. investor **Sequoia Capital** invested in it and OpenOcean made a follow-on investment. At the end of 2014, the company got more backers, as the English **Atomico** and U.S. investor **Kleiner Perkins Caufield & Byers** joined a funding round. Since then, Truecaller has continued to grow and further expand its operations. Truecaller listed on the Stockholm Stock Exchange on 8.10.2021 with company value of over €2.2 billion.

The well-known electric scooter company TIER was founded in Germany in 2018. After initial seed-stage investments, previous investors were joined by Northzone and White Star Capital, for example, in accelerating the company's growth. In 2019, just a year after the firm was founded, TIER raised a 60-million-dollar funding round, which included investors such as **Mubadala Investment Company** and Finnish VC **Evli Growth Partners**.

After the 2019 funding round, TIER Mobility has grown at a rapid pace, and by 2020, TIER electric scooters were already in use in 81 cities across 10 countries. In 2020, the company raised another, 250-million-dollar funding round led by **SoftBank Vision Fund 2**. Evli Growth Partners also participated in the funding round. This year, TIER Mobility received 60 million dollars in debt funding from Goldman Sachs, which will be used to expand TIER's scooter fleet and network of battery charging stations.



Examples of Other International Investments

In 2020, Estonian identity verification company Veriff raised €13.2 million funding round. Investors included funds like the Finland-headquartered NordicNinja VC, U.S. investor Y Combinator, English Mosaic Ventures, and Estonian Change Ventures.

Almotive, the Hungarian automated driving technology company, raised a funding round in 2020, in which Finnish investor Inventure participated together with U.S. investors Samsung Catalyst, B Capital Group, and Draper Associates, Dutch Prime Ventures, and Danish Robert Bosch Venture Capital.

The German refurbished electronics startup Refurbed raised a €15.8 million financing round in 2020. Investors on the round included Finnish VCs Evli Growth Partners and Inventure alongside U.S. investors Almaz Capital and FJ Labs, as well as Spanish investors Bonsai Partners and All Iron Ventures.

The Danish e-sports entertainment company BLAST raised a €12.5 million funding round in 2020, in which Finnish Maki.vc, Danish Vækstfonden and Heartcore Capital, and Swedish Creandum participated.



6. Additional information: Statistics About International Venture Capital Investments

Venture capital investments in 2020

Finnish venture capital invested a total of €52 million in 72 foreign companies in 2020. 31% of the companies that received investments from Finnish VC investors in 2020 were located outside Finland, and 19% of the capital invested by Finnish VCs was directed abroad. ([Venture Capital in Finland 2020, 20.4.2021](#))

International Venture Capital Investors

Finnish startups are attracting international interest, and more than half of the investments received by Finnish startups come from abroad. The amount invested in Finland by international venture capital investors has increased ninefold in less than ten years. Since 2013, a total of 272 international VC investors from 42 different countries have invested in Finnish startups. ([Report: International Venture Capital Investors in Finland, 9.4.2021](#))

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Methodology

Source of international venture capital statistics

EDC & public sources monitored by FVCA

Time period of the report

2013 – 5/2021



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