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How Europe's startups are driving the

RETAILTECH R/EVOLUTION

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Content

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Foreword

Yesterday's emerging tech is today's norm

It's easy to forget that less than 30 years ago the retail landscape and our experiences as consumers looked radically different. For some, the first wave of the technology-powered retail revolution started in the mid 90s with the introduction of e-commerce.

At the time, the new players not only broke international borders but fundamentally shaped consumer behaviour and expectations for generations to come.

These e-commerce 'Godfathers' ignited the initial spark in the retail industry's digital evolution which resulted in many casualties. Nonetheless, nearly three decades later, only 20% of purchases take place online – with 80% of spending still taking place at physical stores.

Yet, despite the sustained popularity of the physical store, it seems a month does not go by without the news of yet another retail brand failure.

Dubbed by commentators as the 'retail apocalypse', we have seen long-standing brands – both in Europe and across the pond – come to an end.

Indeed, data from the Centre of Retail Research shows that between 2007 and 2019 there were 34 major retail failures in the UK alone – resulting in more than 13,000 store closures.

Or, perhaps, the industry has entered an era whereby online and offline worlds have converged, physical stores evolved into experiential spaces, and those agile enough to understand rapidly shifting consumer behaviour emerged as category leaders.

If we have learned anything in the past three decades about the speed of change: yesterday's emerging technology is today's norm.

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Foreword

After the revolution, comes the evolution

Undoubtedly, during the last decade technology and its impact across the retail industry has been unprecedented.

From the rise of social media, smartphone proliferation, to the advancement of emerging technologies such as artificial intelligence, advanced data analytics, augmented and virtual reality, IoT, and even blockchain and robotics, it's clear the industry is still transforming.

Meanwhile, a rapid change in consumer behaviour – driven by technological advances – has required retailers to embrace not only innovative solutions to attract, delight, and retain consumers, but to incorporate new technologies faster than ever before.

And while some industry-wide shift has taken place, the slow pace of adoption and legacy infrastructures, have given birth to a new generation of companies aiming to super-charge the retail evolution.

80%
of customers say the experience a company provides is as important as its products and services.[1]

56%
of retailers believe their company's third-party supplier relationships resemble true partnerships to support digital transformation.[2]

37%
of shoppers state that they strongly prefer to shop in a physical store.[3]

If e-commerce and marketplaces were the revolutionaries, who are the new players driving the current evolution, and which emerging technologies are used to power the digital transformation?

[1]Source:State of the Connected Customer. Salesforce, 2018
[2]Source: '*Brave New World, Leading Through Digital Transformation*' by PWC and Retail Week
[3]Source: *Retail Report 2019*' by Adyen

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The state of Europe's Retail Tech Ecosystem

Methodology and Definitions

In partnership with Dealroom, a global research and data platform providing intelligence about startups, innovation, venture capital investment and tech ecosystems, Nauta Capital quantified and identified venture-backed European retail tech startups and trends.

Dealroom defines a startup as a company younger than 20 years that is heavily tech-enabled and is designed to achieve high growth. Startups are categorised on the Dealroom platform based on its industry, sub-industry, business model and technologies.

For this analysis, with the use of Dealroom taxonomy, retail tech startups are segmented into different sub-categories.

Companies developing technologies to support retail are the sole focus; marketplaces and e-commerce retailers are excluded from the analysis.

As a result, the final dataset is based on 830 Europe-based startups backed by venture capital firms from 2015 to 2019.

Sub-category investment numbers refer to Europe-based startups that received venture capital investment rounds such as Seed, Series A, B, C, …, Early VC (rounds from $2M to $20M and round type is not disclosed), and Growth Equity rounds. It excludes debt or other non-equity funding, such as lending capital, grants and ICOs. For some subcategories, it is possible to overlap retail tech startups.

A deep-dive into European B2B retail tech companies

Our aim for this report is to seek a greater insight into the current state of the European retail tech ecosystem.

By specifically focusing on B2B solutions solving the retail industry's key challenges, the report takes a deep-dive into the diversity of the solutions created by European companies, the problems being addressed throughout the customer journey, and the funding trends covering the last five years.

We also highlight some founder stories in order to understand the inspirations behind their businesses, as well as share insights from thought-leaders.
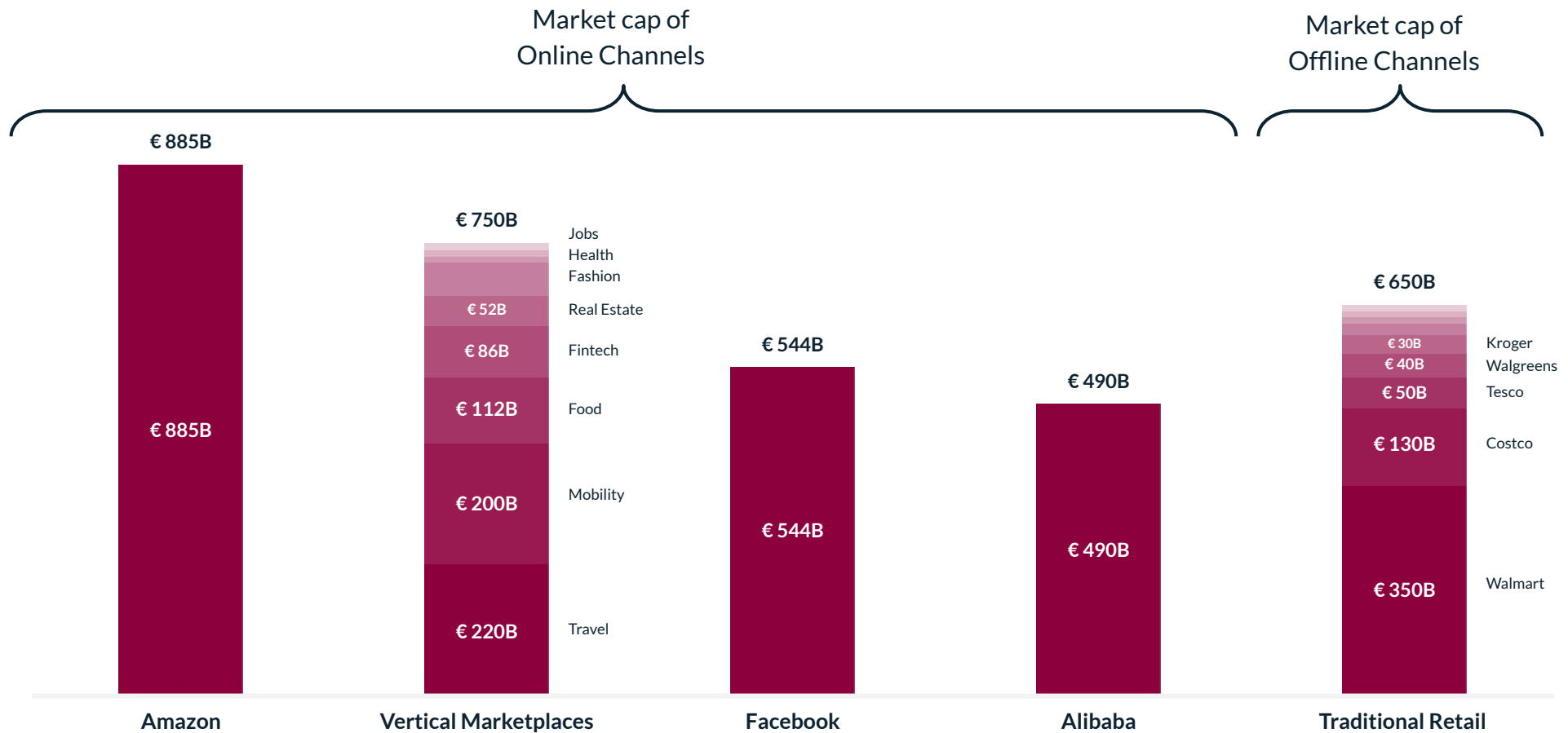
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Section 1

DEMYSTIFYING THE RETAIL APOCALYPSE

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Demystifying the retail apocalypse

Putting the "retail apocalypse" into perspective: while traditional retail channels have been overtaken in value by online channels, **80% of purchases are still happening offline**.

Market cap of Online Channels

Market cap of Offline Channels

€ 885B

€ 885B

Amazon

€ 750B

Jobs
Health
Fashion
€ 52B — Real Estate
€ 86B — Fintech
€ 112B — Food
€ 200B — Mobility
€ 220B — Travel

Vertical Marketplaces

€ 544B

€ 544B

Facebook

€ 490B

€ 490B

Alibaba

€ 650B

€ 30B — Kroger
€ 40B — Walgreens
€ 50B — Tesco
€ 130B — Costco
€ 350B — Walmart

Traditional Retail

Note: The Market cap shown above is the total value of the companies' outstanding shares of common stock.
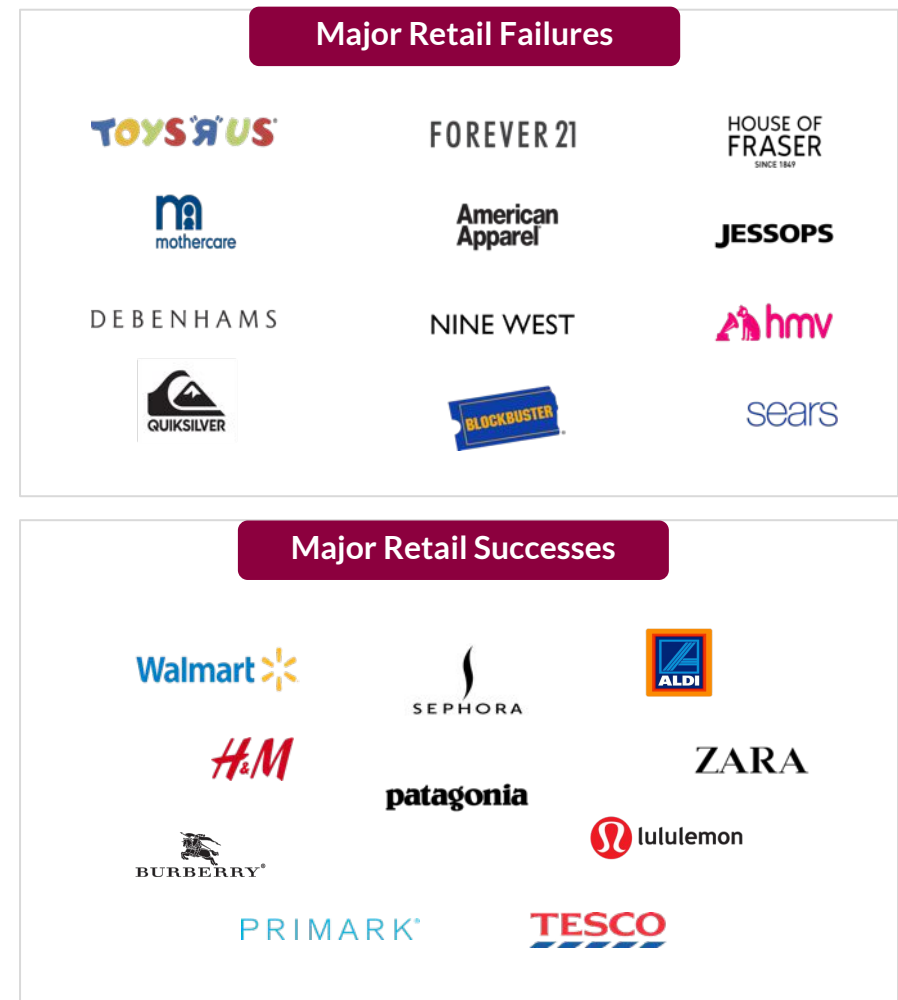
Source: Dealroom.co.

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Global retail sales are projected to reach
$30 trillion by 2023

Demystifying the retail apocalypse

In reality, it's more a shake-out of those who do not adapt, rather than an apocalypse.

- **Supply chain innovation:** Primark, Zara, and Aldi integrated AI and private labels to remain competitive, as opposed to Forever21 which invested in its store expansion rather than the successful fast-fashion model.

- **Customer engagement:** Store layouts, loyalty programs and AI-based advertising were key elements for Sephoras and Burberry's success. American Apparel's controversial branding led to its demise.

- **Business model:** e-commerce integration proved to be a positive opportunity for the struggling Walmart and Best Buy. Blockbuster failed to recognise its importance, and filed for bankruptcy in 2010. Sears solely invested into online channels, leaving physical stores resource-less and meeting the same fate in 2018.

Major Retail Failures

TOYS"R"US — FOREVER 21 — HOUSE OF FRASER

mothercare — American Apparel — JESSOPS

DEBENHAMS — NINE WEST — hmv

QUIKSILVER — BLOCKBUSTER — sears

Major Retail Successes

Walmart — SEPHORA — ALDI

H&M — patagonia — ZARA

BURBERRY — lululemon

PRIMARK — TESCO

Source: Dealroom.co.

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Demystifying the retail apocalypse

From predictive analytics and AI for better customer insight and engagement, to robots in warehouses, here is a snapshot of some of the technologies driving the retail evolution.

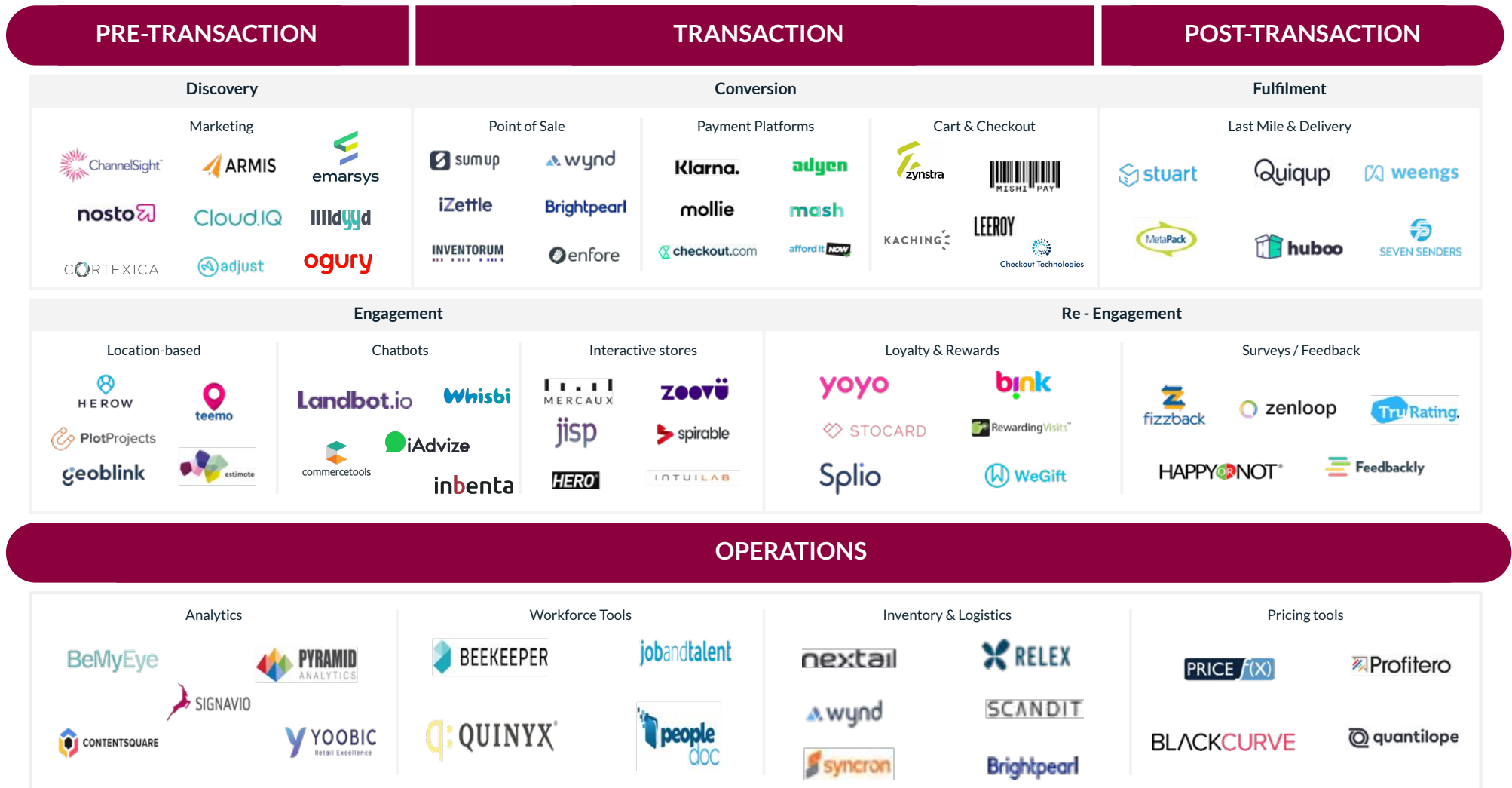|		
	Big Data Predictive Analytics	Greater understanding of consumer behaviour and operational analytics.
	AI Chatbots Search Engines Product Recommendation	Translates stored data into insights to automate processes such as product discovery, recommendation, and customer support.
	Image Recognition Face Recognition Automated Checkout AR/VR	Extended reality to enhance the customer experience, providing a better offline shopping experience and approximating it to the online experience.
	Robotics Order Fulfilment Store Assistants Delivery	Replaces once manual aspects in the supply chain such as warehouse order fulfilment, in-store shopping assistance and delivery.
	Production Innovation On Demand Production Recycling Tech	The evolution of production processes such as 3D printing and recycling tech enables retailers to fulfil on-demand orders and re-utilise materials.

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European retail tech industry market map

PRE-TRANSACTION	TRANSACTION	POST-TRANSACTION

Discovery / Conversion / Fulfilment

Discovery

Marketing: ChannelSight, ARMIS, emarsys, nosto, Cloud.IQ, mayya, CORTEXICA, adjust, ogury

Conversion

Point of Sale: sum up, wynd, iZettle, Brightpearl, INVENTORUM, enfore

Payment Platforms: Klarna., adyen, mollie, mash, checkout.com, afford it NOW

Cart & Checkout: zynstra, MISHI PAY, KACHING, LEEROY, Checkout Technologies

Fulfilment

Last Mile & Delivery: stuart, Quiqup, weengs, MetaPack, huboo, SEVEN SENDERS

Engagement / Re-Engagement

Engagement

Location-based: HEROW, teemo, PlotProjects, geoblink, estimote

Chatbots: Landbot.io, Whisbi, iAdvize, commercetools, inbenta

Interactive stores: MERCAUX, zoovu, jisp, spirable, HERO, INTUILAB

Re - Engagement

Loyalty & Rewards: yoyo, bink, STOCARD, RewardingVisits, Splio, WeGift

Surveys / Feedback: fizzback, zenloop, TruRating, HAPPYORNOT, Feedbackly

OPERATIONS

Analytics: BeMyEye, PYRAMID ANALYTICS, SIGNAVIO, CONTENTSQUARE, YOOBIC Retail Excellence

Workforce Tools: BEEKEEPER, jobandtalent, QUINYX, peopledoc

Inventory & Logistics: nextail, RELEX, wynd, SCANDIT, syncron, Brightpearl

Pricing tools: PRICE f(x), Profitero, BLACKCURVE, quantilope

Source: Dealroom.co.

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European retail tech industry overview

European retail tech companies have a **combined value of € 86B.** Within the customer journey, pre-transaction and transaction are the biggest categories.

Conversion
€56B

Discovery
€14B

Operations
€9B

Engagement
€4B

Fulfilment
€2B

Re-Engagement
€1B

Note: Valuation based on a post-money valuation estimation, if the valuation is not disclosed.

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Section 2

EUROPEAN RETAIL TECH OVERVIEW

Investment numbers in this section covers venture capital investment rounds including **Seed, Series A, B, C**. **Early VC** (rounds from $2M to $20M and round type is not disclosed), as well as **Growth Equity rounds across 11 retail tech sub-categories.**

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European retail tech industry overview: Discovery

Marketing and search tech are leading to a better product discoverability and effective targeting for retailers.

Legend: **Investment** ■ — Number of rounds larger than €2M

Chart data (Investment, left axis €M; Number of rounds, right axis):
- 2015: €207M
- 2016: €170M
- 2017: €150M
- 2018: €273M
- 2019: €721M

Efficient content to drive sales and conversion across all channels. Software facilitating customer's journey in finding the right product for their specific need

Notable rounds:

Company	Description	Round
ChannelSight	Makes the world instantly shoppable, and enables brands to grow online and offline sales	€9M Mar 2019 Series B
ogury	Technology necessary to understand users across their mobile journey	€45M Dec 2019 Series C
adjust	Mobile intelligence platform for app marketers	€206M Jun 2019 Series E
Cloud.IQ	Automated conversion rate optimisation platform for e-commerce	€4.6M Jul 2017 Early VC

Source: Dealroom.co.

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European retail tech industry overview: Conversion

Payment solutions have become full-stack and seamlessly integrate front and back-end, as well as online and offline

Point of Sale

Accelerate transactions and optimise supply chain with visibility to real-time inventory

Investment — **Number of rounds larger than €2M**

2015	2016	2017	2018	2019
€173M	€120M	€121M	€114M	€115M
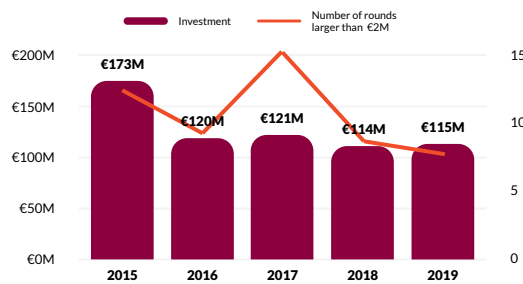
Notable rounds:

wynd
Omnichannel cash-in
€72M Jan 2019
Series C

iZettle
Cash register system
€60M Aug 2015
Series D

Brightpearl
Software for multichannel retailers
€14M Jul 2018
Late VC

Payment Platforms

Manage online, in-store and mobile payments with a single integration

Investment — **Number of rounds larger than €2M**

2015	2016	2017	2018	2019
€210M	€134M	€259M	€239M	€939M
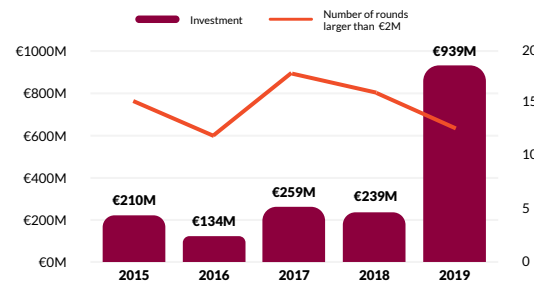
Notable rounds:

checkout.com
International online payment solutions
€209M May 2019
Series A

mash
Provide to customers a flexible way to pay
€50M Oct 2018
Late VC

Klarna.
Payment services to consumers and retailers
€418M Aug 2019
Growth Equity

Cart and Checkout

Better customer experience by reducing queues, improving in-store productivity, and its capacity

Investment — **Number of rounds larger than €2M**

2015	2016	2017	2018	2019
€0M	€2M	€17M	€30M	€13M
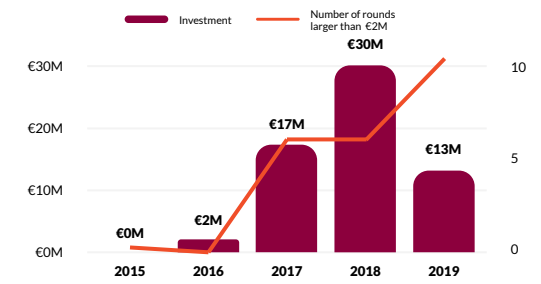
Notable rounds:

MISHI PAY
Mobile self checkout solution
€4M Sep 2019
Series A

LEEROY
All-in-one platform featuring self-checkout kiosks
€4.8M Feb 2019
Series A

KACHING
Self-checkout stations
€4.5M May 2019
Early VC

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European retail tech industry overview: Fulfilment

Faster-paced customer lifestyle heavily influences the basic requirements of product delivery services. Optimised last-mile fulfilment reduces lag, increases control, and offers additional flexible options to the final customer.

Legend: Investment ▬ Number of rounds larger than €2M

Investment (€M) by year:
- 2015: €45M
- 2016: €91M
- 2017: €81M
- 2018: €45M
- 2019: €121M
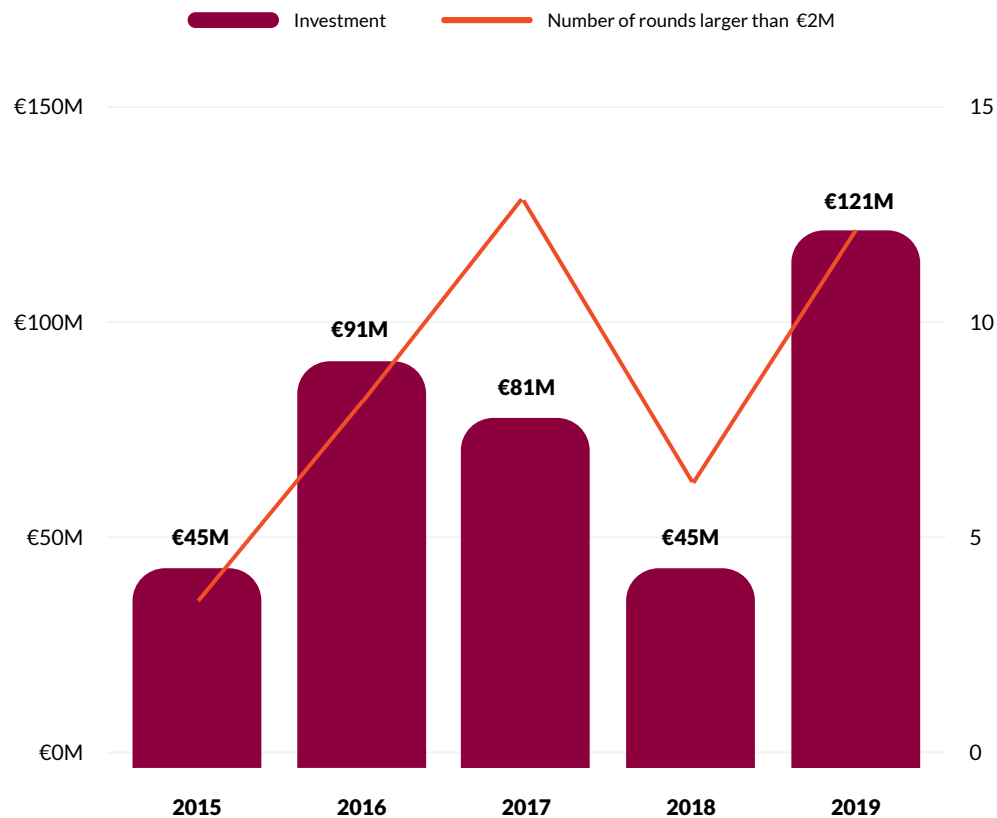
Optimise deliveries and improve transparency allowing customers to decide the best solution

Notable rounds:

SEVEN SENDERS	Delivery platform for parcel shipping	€16M Jun 2019 Series A
stuart	On-demand delivery for businesses	€22M Nov 2019 Series A
Quiqup	Same-day delivery straight from retailers' online check-out page	€24M May 2017 Series B

Source: Dealroom.co.

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European retail tech industry overview: Engagement

Digitised store elements, AI-powered bots, and proximity marketing ensure consistent customer engagement throughout all the adoptable channels.

Interactive stores

Engage and support customers with digitised store elements

	Investment
	Number of rounds larger than €2M

Investment by year: €58M (2015), €61M (2016), €55M (2017), €142M (2018), €186M (2019)
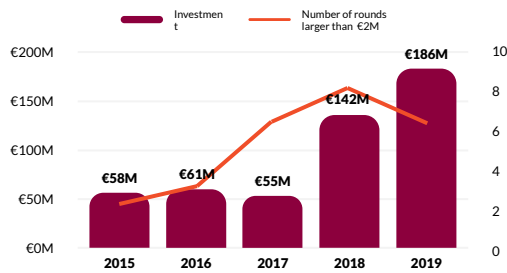
Notable rounds:

MERCAUX
Brings the benefits of digital into retail stores
€4M Nov 2018
Series A

HERO
Payments for global businesses
€9M Aug 2019
Series A

zoovü
Flexible payments
€13.4M Dec 2017
Series A

Chatbots

Automated online customer interaction and assistance

	Investment
	Number of rounds larger than €2M

Investment by year: €21M (2015), €41M (2016), €59M (2017), €30M (2018), €144M (2019)
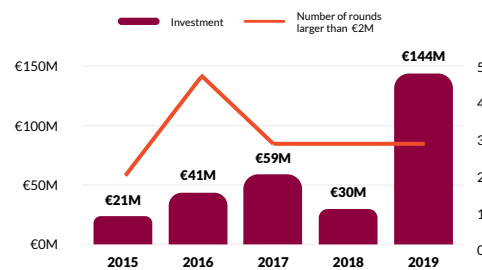
Notable rounds:

DigitalGenius
Deep learning and AI into customer service operations
€13M Dec 2017
Series A

iAdvize
Conversational platform brings a profitable human touch to the digital experience
€32M Oct 2017
Series C

Landbot.io
No-code messaging management platform
€1.9M Jul 2018
Seed

Location-based services

Location-triggered contextual messages for marketing and sales purposes

	Investment
	Number of rounds larger than €2M

Investment by year: €16M (2015), €21M (2016), €25M (2017), €23M (2018), €6M (2019)
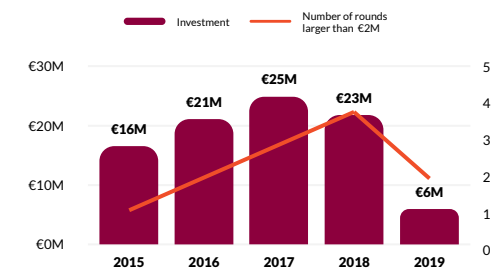
Notable rounds:

teemo
Location-based advertising platform
€15M Mar 2017
Series A

estimote
Sensor-based analytics and engagement platform
€10M Jan 2016
Series A

ARMIS
SaaS platform for in-store sales operations
€6M Mar 2018
Series A

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European retail tech industry overview: Re-engagement

Feedback and surveys provide invaluable insights while strengthening the customer relationship with rewards and loyalty programs.

Loyalty & Rewards

Acquire, convert, and engage customers with reachable programs online and offline

- Investment
- Number of rounds larger than €2M

Year	Investment
2015	€26M
2016	€39M
2017	€20M
2018	€53M
2019	€42M

Notable rounds:
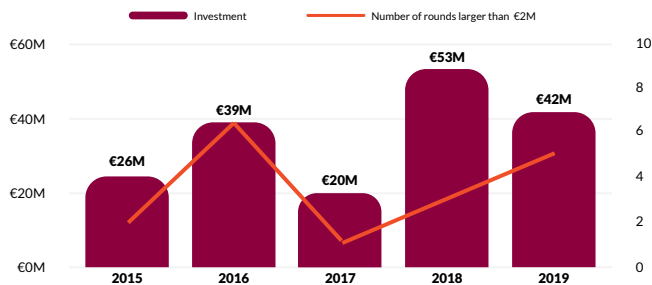
bink — €12M Feb 2019 — Series A
Loyalty experience for retailers and consumers alike

STOCARD — €18M Jun 2018 — Series B
Mobile wallet for brands to engage customers

yoyo — €28M Oct 2018 — Series C
Brand interactions based on customer purchasing behaviour

Feedback & Surveys

Improve and optimize operations with smart survey tools

- Investment
- Number of rounds larger than €2M

Year	Investment
2015	€13M
2016	€32M
2017	€28M
2018	€19M
2019	€59M

Notable rounds:
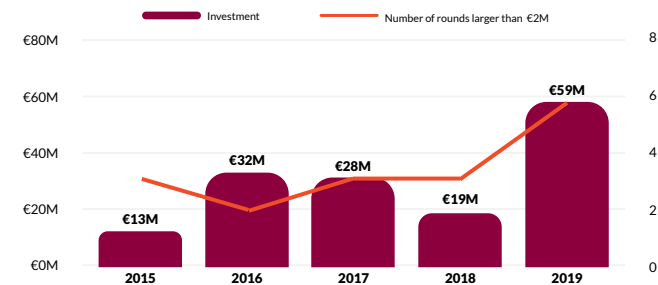
zenloop — €5M Feb 2019 — Seed
customer experience management platform based on the Net Promoter Score (NPS)

HAPPYORNOT — €23M Sep 2019 — Series B
Smiley feedback system

Critizr. — €15M Oct 2019 — Series B
Platform for consumers to provide feedback at the point of sale

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European retail tech industry overview: Operations

AI-powered business intelligence facilitates the different aspects of operations.

Legend: ■ Investment — Number of rounds larger than €2M

Chart values (Investment):
- 2015: €282M
- 2016: €318M
- 2017: €169M
- 2018: €346M
- 2019: €891M

Left axis: €0M, €150M, €300M, €450M, €600M, €750M, €900M
Right axis: 0, 5, 10, 15, 20, 25
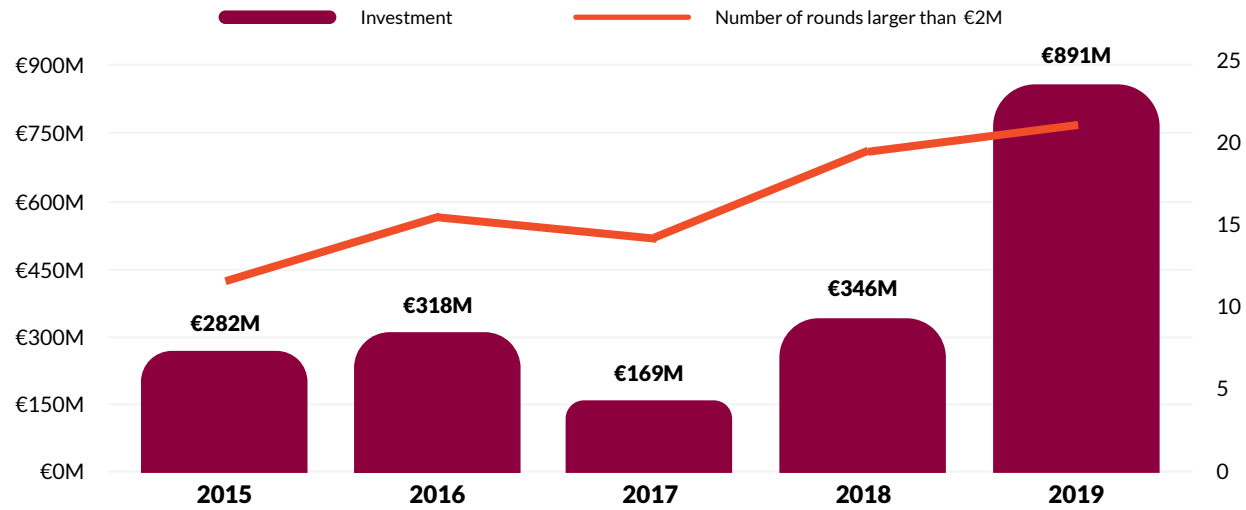
Analytics

Data-driven strategic decision-making and processes automation

Notable rounds:

PYRAMID ANALYTICS
Analytics operating system
€27M Oct 2015
Series B

SIGNAVIO
Business process management
€161M Jul 2019
Series C

BeMyEye
Turnkey solution for perfect store execution
€9M Nov 2017
Series C

Inventory & logistics

Optimise supply quantities and inventory allocation across stores

Notable rounds:

wynd
Dynamic management of stock
€72M Jan 2019
Series C

nextail
Smart platform for retail merchandising
€9.1M June 2018
Series A

RELEX
Inventory planning software
€180M Feb 2019
Late VC

Pricing tool

Automate pricing strategies and competitor benchmarking

Notable rounds:

BLACKCURVE
Automating retail pricing decisions
€1.7M March 2019
Seed

quantilope
Brand price conjoint
€8M Nov 2018
Series A

PRICE f(x)
Price optimisation tool
€23M Nov 2019
Series B

Workforce tools

Improved organisational efficiency, automated HR and onboarding procedures

Notable rounds:

BEEKEEPER
Communication platform
€41M Sep 2019
Series B

peopledoc
HR process automation
€28M Oct 2015
Series C

jobandtalent
On-demand retail workers
€70M Nov 2019
Late VC

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Section 3

EUROPEAN FUNDING LANDSCAPE 2015-2019

The funding landscape in the following section only takes into account data for startups that have received investment from 2015 to 2019 in **Seed, Early VC, Series A and Series B rounds.**
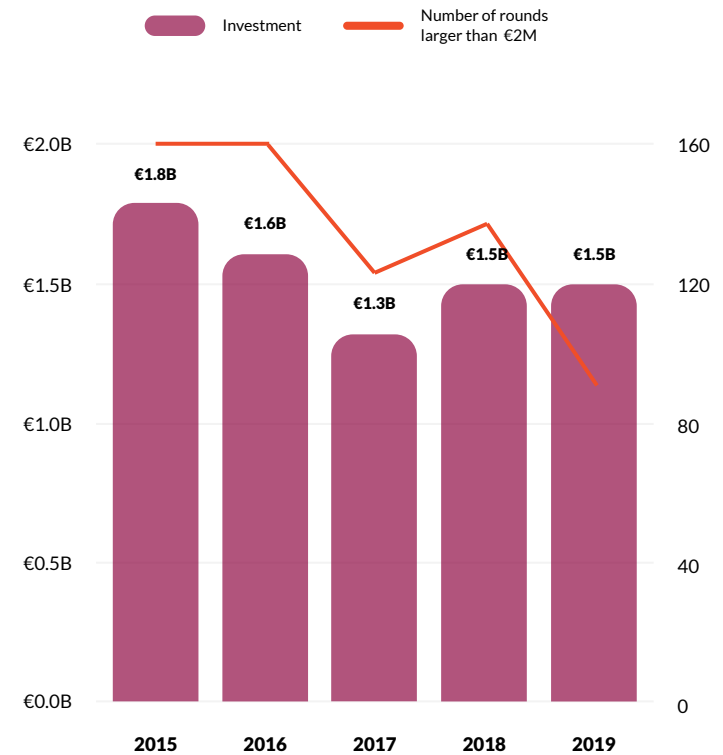
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Funding landscape

European retail tech investment has been growing by **10%** YOY since 2015.
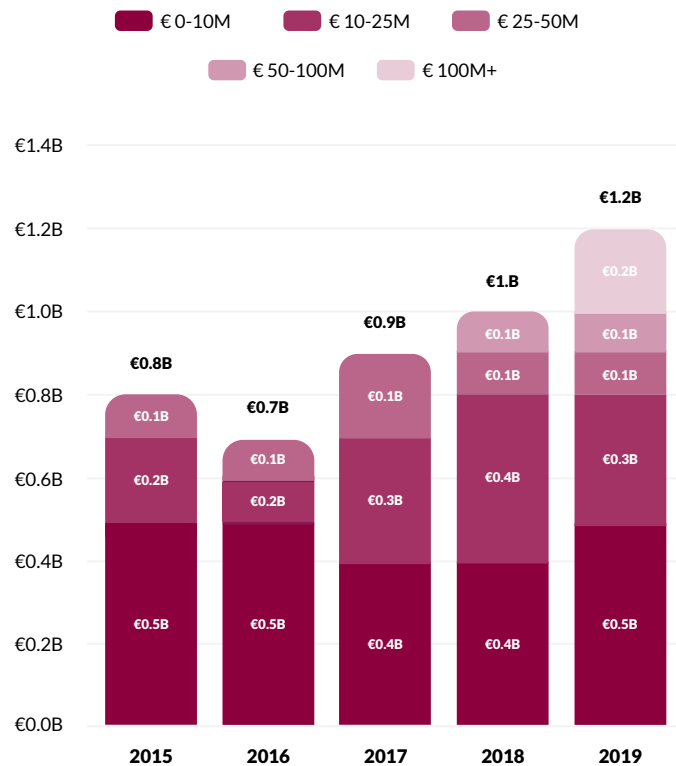While in the US the figure has been contracting by **4%.**

Europe
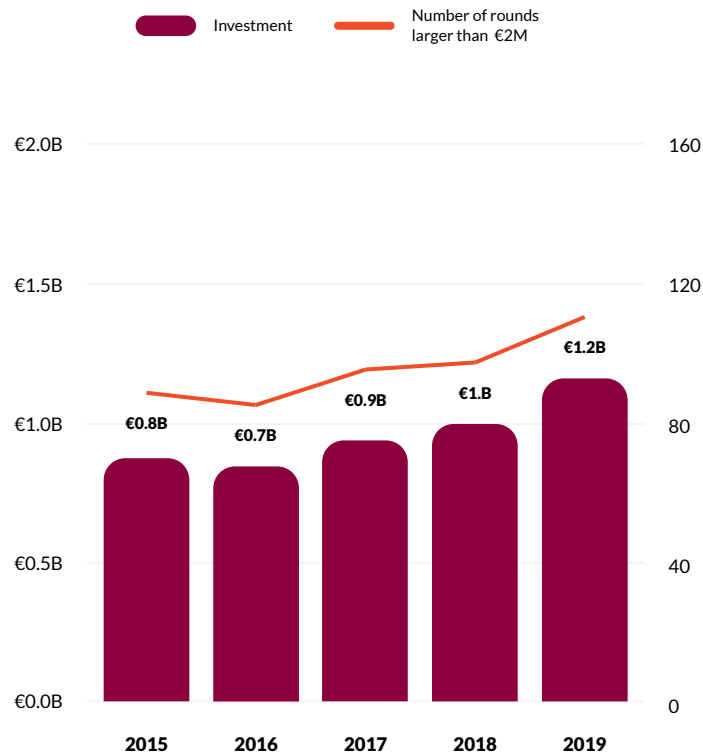
North America

Note: Excluding funding rounds above Series B
Source: Dealroom.co.

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Funding landscape

European retail tech startups are at an early stage of funding; with investment mainly driven by rounds smaller than **€10M**.

Investment in Europe by round size

Legend:
- € 0-10M
- € 10-25M
- € 25-50M
- € 50-100M
- € 100M+

Year	Total	€ 0-10M	€ 10-25M	€ 25-50M	€ 50-100M	€ 100M+
2015	€0.8B	€0.5B	€0.2B	€0.1B		
2016	€0.7B	€0.5B	€0.2B	€0.1B		
2017	€0.9B	€0.4B	€0.3B	€0.1B		
2018	€1.B	€0.4B	€0.4B	€0.1B	€0.1B	
2019	€1.2B	€0.5B	€0.3B	€0.1B	€0.1B	€0.2B

Count of deals by round size since 2015
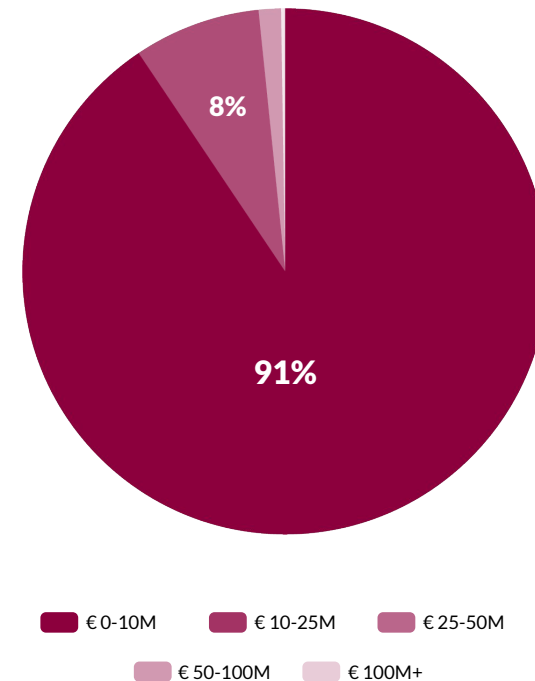
91%
8%

Legend:
- € 0-10M
- € 10-25M
- € 25-50M
- € 50-100M
- € 100M+

Note: Excluding funding rounds above Series B
Source: Dealroom.co.

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Funding landscape

European retail tech startups have received **€494M** in seed rounds since 2015.

Investment in Europe by round size

Seed
- '15 €95M
- '16 €139M
- '17 €93M
- '18 €63M
- '19 €104M

Early VC
- '15 €158M
- '16 €195M
- '17 €264M
- '18 €233M
- '19 €261M

Series A
- '15 €298M
- '16 €162M
- '17 €233M
- '18 €216M
- '19 €441M

Series B
- '15 €227M
- '16 €225M
- '17 €282M
- '18 €513M
- '19 €430M
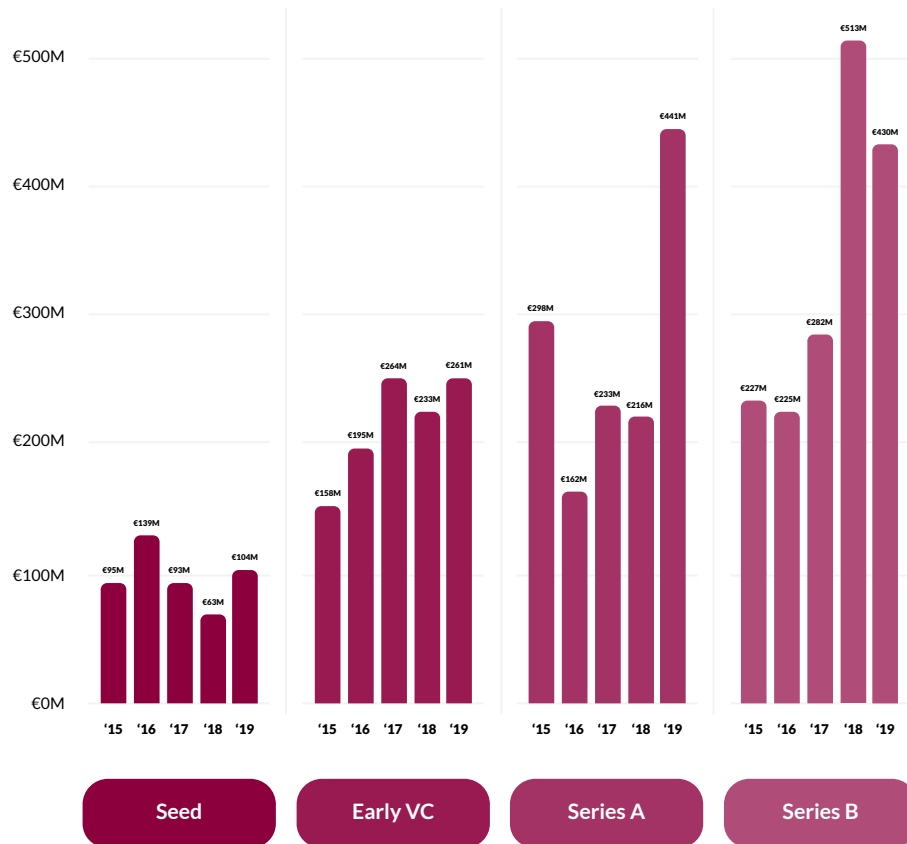
Number of rounds by round type

Seed
- '15 215
- '16 188
- '17 151
- '18 89
- '19 79

Early VC
- '15 66
- '16 96
- '17 106
- '18 75
- '19 67

Series A
- '15 57
- '16 48
- '17 39
- '18 45
- '19 47

Series B
- '15 26
- '16 19
- '17 24
- '18 26
- '19 29

Note: Excluding funding rounds above Series B
Source: Dealroom.co.

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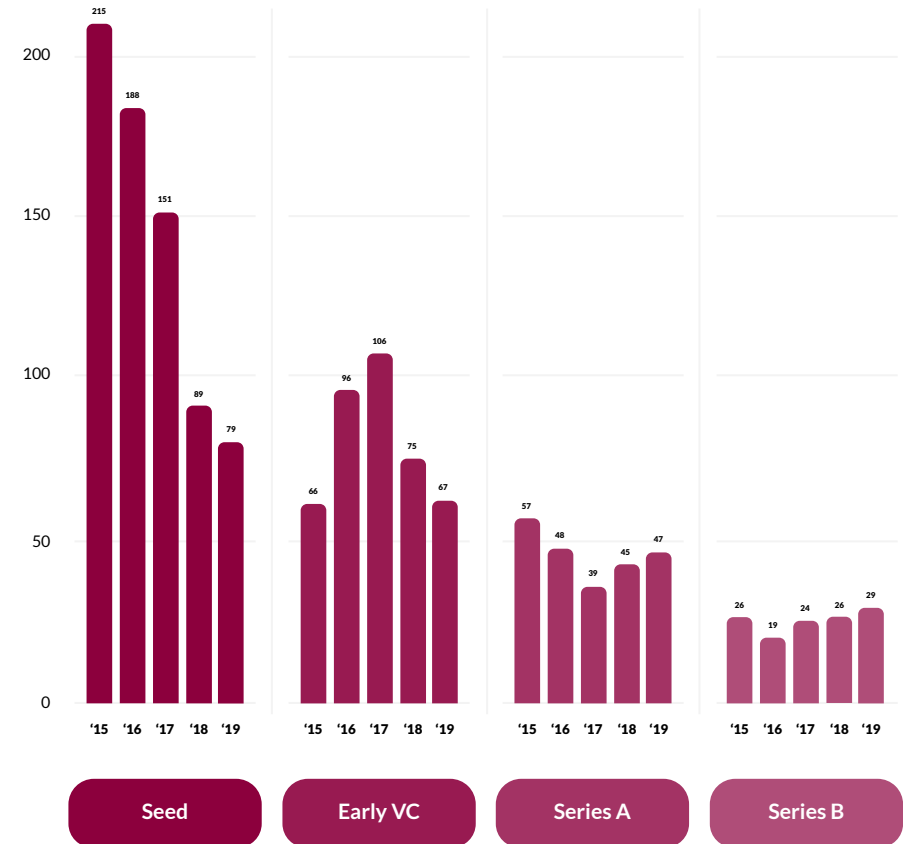
Funding landscape

The majority of European retail tech startups are at an early stage of funding, receiving on average **€0.9M** in seed funding since 2015.

Average investment per round type since 2015

Seed	Early VC	Series A	Series B
2015: €0.6M	2015: €3.3M	2015: €6.4M	2015: €10.6M
2016: €0.9M	2016: €3.1M	2016: €3.8M	2016: €11.8M
2017: €0.8M	2017: €3.5M	2017: €7.5M	2017: €12.2M
2018: €0.8M	2018: €3.9M	2018: €5.5M	2018: €20.3M
2019: €1.4M	2019: €4.7M	2019: €9.8M	2019: €16.5M

Note: Excluding funding rounds above Series B
Source: Dealroom.co.

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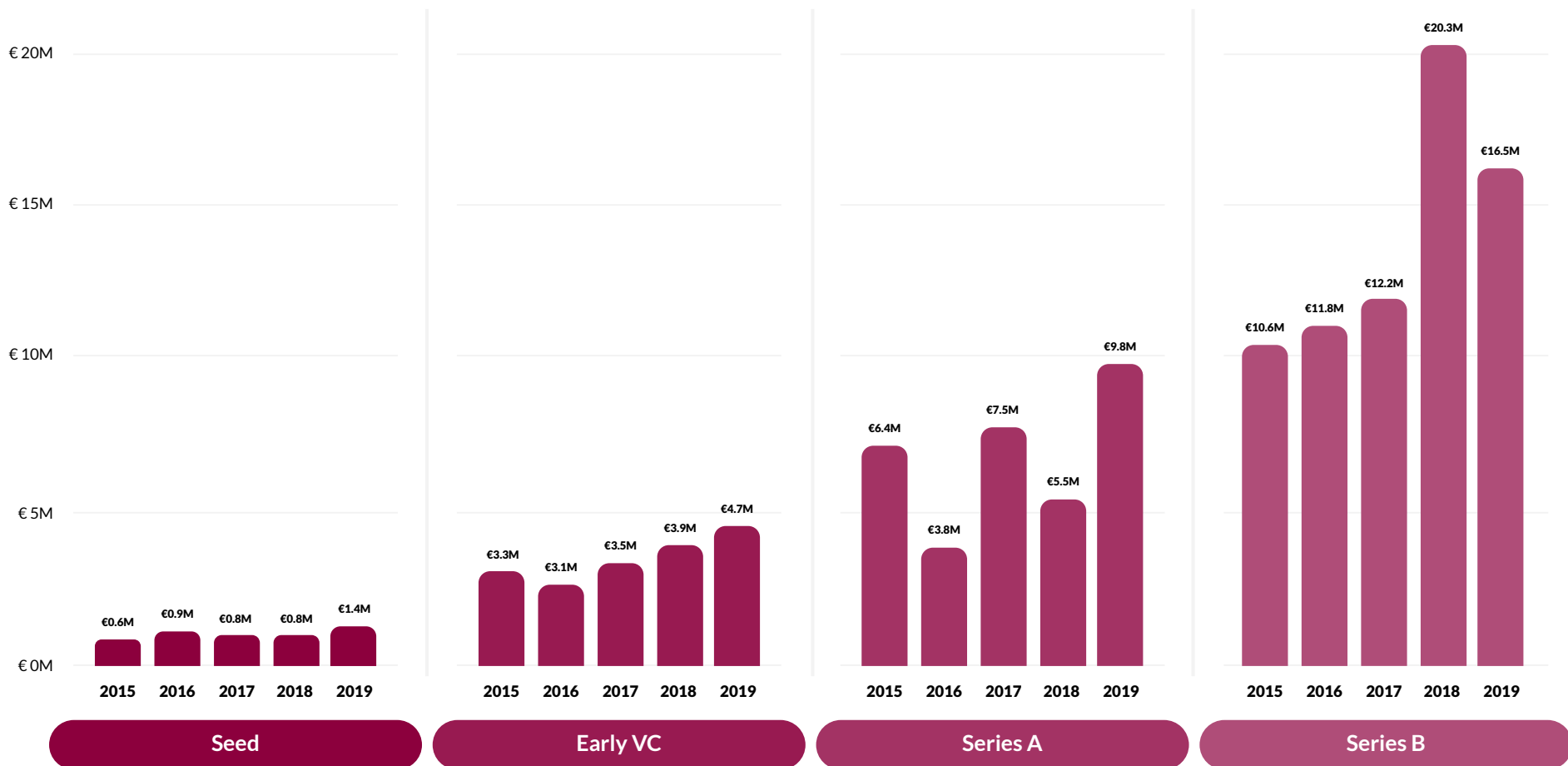
Funding landscape

Investment activity in retail tech is spread across Europe, accelerating in the **UK and France.**

Amount invested per country since 2015

Country	Amount
United Kingdom	€ 1.4B
France	€779M
Germany	€395M
Sweden	€312M
Spain	€279M
Romania	€182M
Netherlands	€142M
Ireland	€135M
Switzerland	€134M
Italy	€113M
Austria	€110M
Denmark	€96M
Finland	€88M
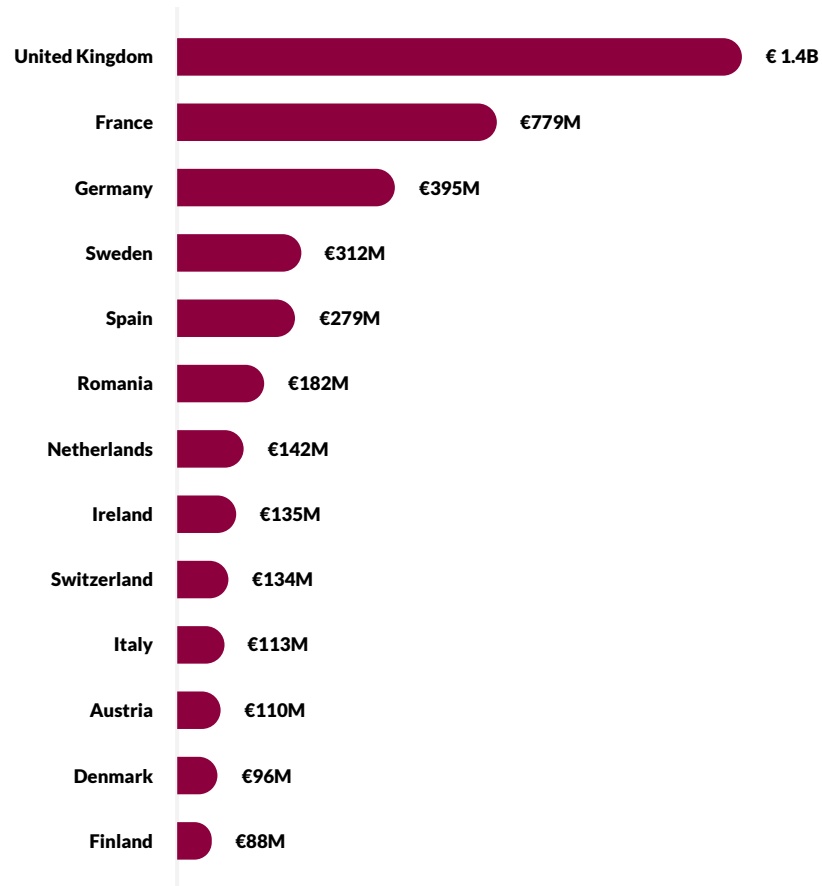
Number of deals per country since 2015

Country	Deals
United Kingdom	390
France	210
Germany	139
Sweden	110
Spain	99
Romania	13
Netherlands	61
Ireland	64
Switzerland	30
Italy	60
Austria	27
Denmark	21
Finland	37

Note: Excluding funding rounds above Series B
Source: Dealroom.co.

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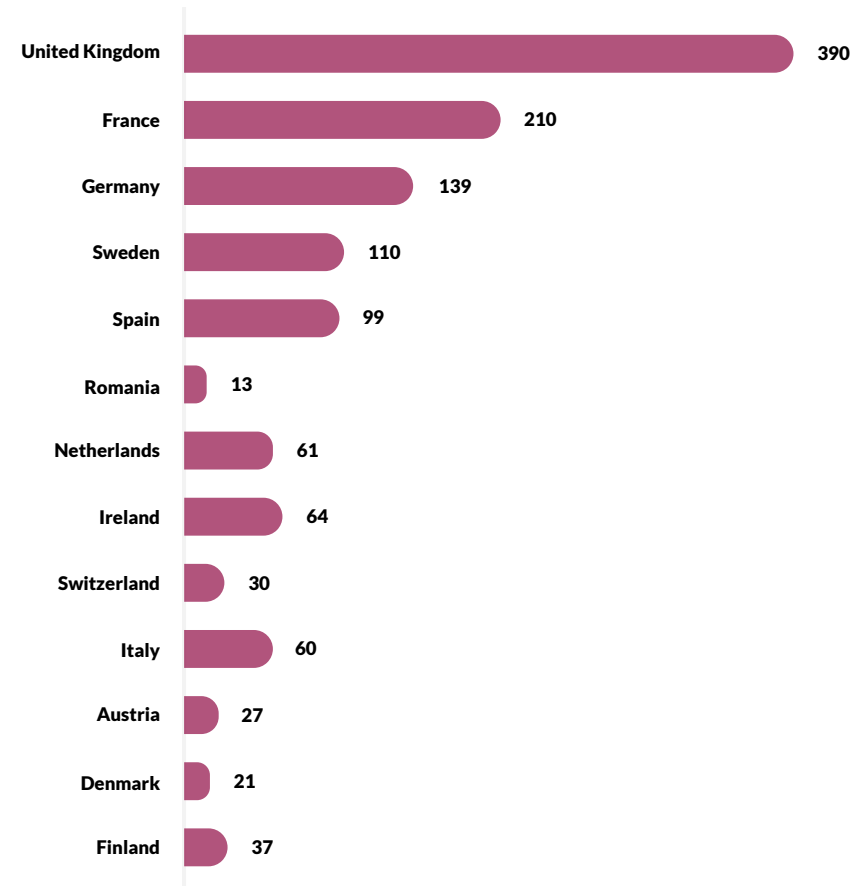
Funding landscape

Retail tech startups in the UK have raised **€ 1.4B** since 2015, **30% of the total investment in Europe's retail tech.**
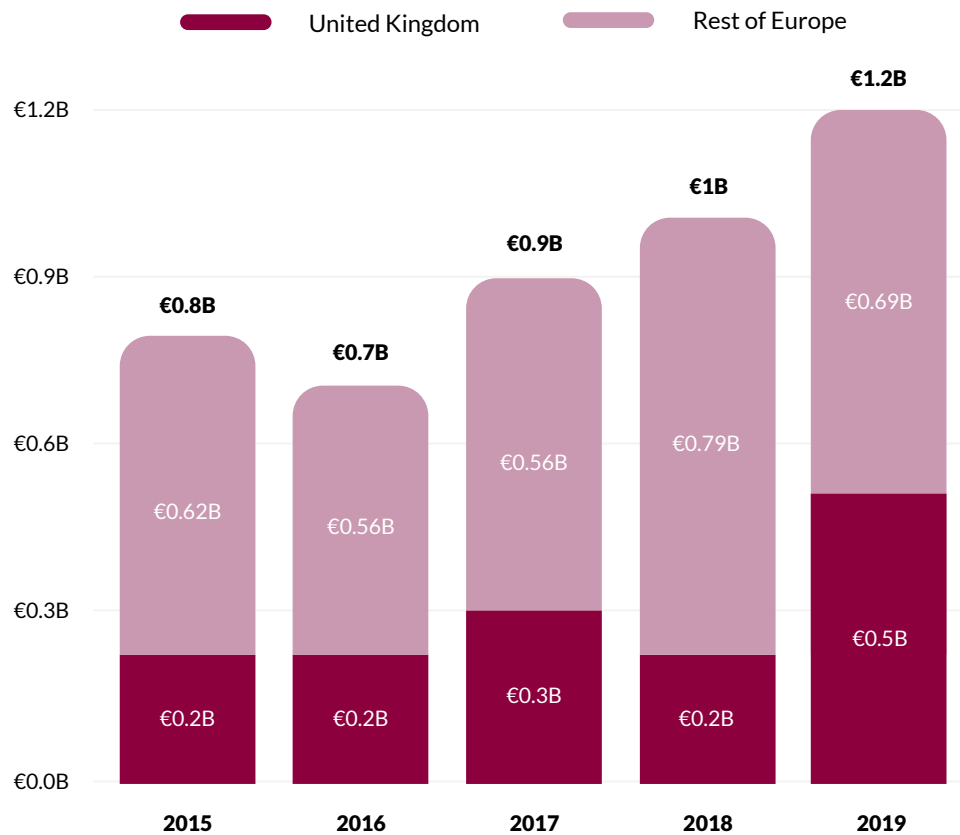
Notable rounds for UK startups & scaleups

checkout.com
€209M May 2019
Series A

divido
€13M Sep 2018
Series A

afford it NOW
€29M Jun 2017
Early VC

Quiqup
€24M May 2017
Series B

YOOBIC
Retail Excellence
€22M Jun 2018
Series B

OMETRIA
€19M Sep 2019
Series B

Source: Dealroom.co.

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Exit landscape

Notable retail tech exits in Europe (2017-2019)

	COMPANY	LOCATION (HQ)	TRANSACTION	ACQUIRER (S)	SELLER (S)
iZettle	**IZettle** Payment services	**Stockholm**	**€ 2.2B Acquisition** May 2018	PayPal	European Investment Bank, Victory Park Capital, Intel Capital, Index Ventures, 83North, Northzone, American Express
boku	**Boku** Mobile online payments	**London**	**£ 125M IPO** Nov 2017	-	Index Ventures, Benchmark, SV Angel, Andreesen Horowitz, Khosla Ventures
adyen	**Adyen** Payments platform	**Amsterdam**	**£ 7.1B IPO** Jun 2018	-	Index Ventures, General Atlantic, Felicis Ventures, Temasek, ICONIQ Capital
VIRTUSIZE	**Virtusize** Service for fashion online	**Sweden**	**€ 11M Acquisition** Jun 2018	Yahoo!	Recapex, Almi Invest, Johan Siwers
PRACTI	**PRACTI** Retail systems from mobile point-of-sale apps	**London**	**€ 6.7M Acquisition** Apr 2019	Just Eat	-
SMART FOCUS	**SmartFocus** Intelligent digital marketing platforms	**London**	**Acquisition** Jun 2019	Actito	Emailvision, Izurium Capital
twnkls	**TWNKLS** Augmented reality enterprise solutions	**Rotterdam**	**Acquisition** Jun 2019	Parametric Technology	-
MIMESYS	**Mimesys** Sensors and VR/AR devices to holograms	**Hasselt**	**Acquisition** May 2019	Magic Leap	Limburgse Reconversie Maatschappij
LABELIUM	**Labelium** Implementation of your on line strategy	**Lacadée**	**Acquisition** Feb 2019	Capzanine	ISAI, Keensight Capital

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Section 4

SPOTLIGHT ON GAME CHANGERS

A closer look at the inspirations, solutions, and impact of five European retail tech companies re-imagining the future of retail.

Backed by **Nauta Capital** as well as investors across Europe and beyond including **American Express Ventures, Sonae IM, Keen Ventures, Elaia Partners, Lyra Ventures**, and many others, the featured tech companies showcase how collaboration with incumbent players will drive the retail industry's digital evolution.

In Partnership with **dealroom.CO**

"I realised advanced analytics and AI could transform merchandising - and therefore the fashion retail industry by automating the very complex and time-consuming decision-making that are fundamental to success."

- Joaquin Villalba, CEO and co-founder @ Nextail

Powering Agile Retail

nextail

Having always been fascinated with improving how things work, Joaquin Villalba, CEO and co-founder of Nextail, worked as the Head of European Operations for Inditex, and then later as advisor to international retailers.

It was during this time that Joaquin came across the same repeated issues faced by merchandisers. The processes and tech behind core stock management were not meeting their needs as they 'were too slow and too static', forcing retailers to react, and not predict customer demand. This often resulted in frustrated customers and worsening margins.

"I realised advanced analytics and AI could transform merchandising - and therefore the fashion retail industry - by automating the very complex and time-consuming decision-making that are fundamental to success. And that's how the idea of creating Nextail came about" explains Joaquin.

Applying AI and prescriptive analytics to fix supply and demand

Nextail is solving one of retailers' biggest problems: the misalignment of supply and demand that causes billions of dollars in losses every year due to markdowns and unsold products.

To achieve this, Nextail applies machine learning for demand prediction whereby their algorithms use historical sales and stock data to learn about the behaviour of different product attributes in different stores, model seasonality, and promotional factors at the store and family level.

"The algorithms also calculate size curves to account for the demographics of each store. The result is an incredibly granular forecast that estimates probabilistically how products will perform in the future," says Joaquin.

In the absence of historical data such as when a retailer is launching a new product or opening in a new location, Nextail's platform dynamically clusters store and product attributes using for instance computer vision to create its forecast.

By applying AI and prescriptive analytics based on fast-fashion operational practices, Nextail enables quick, automated decision-making to better align supply and demand for both online and offline retailers. As a result, retailers can transform their operations in order to anticipate demand instead of being reactive

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Powering Agile Retail

nextail

More than 4,000 stores globally powered by Nextail

Serving leading fashion and collection-based brands including River Island, Versace, and Pepe Jeans, Nextail's clients have experienced an increase in sales between 5-10%, with in-store stock coverage reduced by 30% and stockouts by 60%.

"We currently work with more than 25 global retailers, most of them headquartered in Europe but with international operations. Our technology powers almost 4,000 stores globally in more than 30 countries."

Agile and data-forward retailers

According to Joaquin, the future of retail will be determined by retailers that embrace agility and are data-forward.

"The customer journey is no longer linear, it's complex. As more fashion companies become data-forward by embracing and investing in advanced data analytics, AI, and automation, we expect to see them better able to anticipate demand, and therefore, meet customer needs and expectations instead of having to react to them."

Select customers	Quick facts
River Island	**Year founded:** 2014
Versace	**HQ:** Madrid, Spain
Pepe Jeans	**Impact:** Powering 4000 stores globally
Hackett	
Melon Fashion Group	**Investors:** Nauta Capital, Sonae IM, Keen Venture Partners
Twinset	**Website:** nextail.co **Twitter:** @NextailLabs **Linkedin:** linkedin.com/company/nextaillabs

"AI/ML along with 'human-in-the-loop' technologies will mean some jobs will inevitably become redundant, but others will be created by the shifts in productivity and consumer demand emanating from AI, and through the value chain of AI itself."

- Luca Pagano , CEO @ BeMyEye

Perfect Store Execution

BeMyEye

In early 2010 an Italian entrepreneur and innovator decided to extend the family-run olive oil business to the United States. The expansion represented a huge opportunity but also came with a set of new challenges.

Without having salespeople on the ground or hiring costly third-party field marketing agencies, it was difficult to have the visibility needed to understand if the oil was equally represented across the stores.

This led to the birth of BeMyEye: Europe's leading crowdsourcing provider, with over 2 million data gatherers providing consumer goods companies with real-time insights regarding store metrics such as product availability and visibility, promotional compliance and brand recommendation.

Eyes on the ground

In an increasingly saturated market, today's consumer goods companies face considerable pressure on both growth and efficiency, and the BeMyEye solution allows companies to adopt a 'Lean Go-to-Market' approach across their perfect store execution.

By leveraging the power of crowdsourcing, in addition to image recognition (IR) and machine learning (ML) technologies, BeMyEye has created a brand-new way of collecting and processing in-store data.

"Our mission is to transform retail intelligence, while simultaneously allowing millions of people to earn money. Our 2M+ crowdsourced community of data gatherers (aka Eyes) are paid to collect in-store data points and pictures using their smartphones," explains Luca Pagano, BeMyEye's CEO.

Through their combined 'Crowd + IR' solution, the company can identify gaps and opportunities in execution across thousands of stores at the same time - putting those insights directly in the hands of field reps and sales managers.

Moreover, the company has integrated multiple gamification techniques within its app to simplify tasks, reduce input mistakes as well as reward speed and quality of data collected by its gatherers.

1M store visits per year

BeMyEye currently has over 300 customers across three core verticals: Consumer Goods, Pharmaceuticals and Consumer electronics including Samsung, PepsiCo, GSK and RB, improving their retail execution by 30%. Present in more than 20 countries, there were about 1 million store visits in 2019.

Perfect Store Execution

BeMyEye

"The ultimate goal of our clients is implementing a 'Lean Go-to-Market' strategy, by eliminating 'wasted' store visits and allowing field teams to be 100% focused on selling and merchandising.

With BeMyEye, we can provide companies with the metrics they need to master their retail execution across any type of channel, banner, and format while supporting their own unique 'Perfect Store' strategies."

Human + workforce

The human impact of technology has been hotly debated in many industries, including retail, however, BeMyEye's Luca believes that a human workforce empowered by data, knowledge, and new skills will drive the next wave of innovation in retail.

"AI/ML along with 'human-in-the-loop' technologies will mean some jobs will inevitably become redundant, but others will be created by the shifts in productivity and consumer demand emanating from AI, and through the value chain of AI itself.

In addition to new types of workers who will focus on thinking creatively about how AI can be developed and applied, therefore a new set of personnel will be required to build, train, maintain, operate, and regulate these emerging technologies."

Select customers	Quick facts
Samsung	**Year founded:** 2011
GSK	**Impact:** 300 brands across 20 countries
JUUL Labs	
Royal Cannin	**HQ:** London, UK
PepsiCo	**Investors:** Nauta Capital, FII Tech Growth, 360 Capital Partners,P101
RB	**Website:** bemyeye.com **Twitter:** @bemyeye **Linkedin:** linkedin.com/company/bemyeye

"Consumers are moving to omnichannel buying experiences and they demand a seamless experience across channels. At the same time, retailers need to attract and retain loyal customers where there is a seemingly endless abundance of choice."

- **Olga Kotsur**, CEO & co-founder @ Mercaux

In-Store Digital Transformation

Passionate about retail technology, Olga Kotsur started her career at Boston Consulting Group before attending Harvard Business School to do her MBA — a journey which led her to her venture.

According to Olga, people are one of the retailers' most valuable assets as they have the power to deliver the level of personalised experience that e-commerce can not.

"Compared with the vast amount of product and rich content available to shoppers online, Store Associates have a very limited amount of information they can remember and call upon. Fixing this knowledge gap between online and offline is what inspired Mercaux," explains Olga, CEO and co-founder of Mercaux.

Founded in 2013, Mercaux partners with retailers at every stage of their digital transformation; from improving staff productivity and personalisation by leveraging existing data and content, through to a fully integrated end-to-end platform with retailers' existing technologies.

Furthermore, the solutions are operated by Sales Associates using a tablet-based app or self-served by customers using touch screen kiosks and managed by an HQ Platform.

As such, Mercaux's solution helps drive business performance and empowers salespeople to provide a more personalised and service-oriented customer experience.

Meeting consumer expectations

"Consumer expectations of retail are growing continuously - shoppers want speed, convenience, knowledgeable staff and choice – in line with (or exceeding) what they experience online.

At the same time, they expect stores to give them a unique experience that is personalised to their needs, and Mercaux unlocks this opportunity for retailers."

Mercaux's core solutions consist of Sales Assist, Omnichannel, and Clienteling; giving store staff instant access to product information, company-wide inventory, digital content, customer profiles and wish lists in addition to mobile checkout capabilities.

The platform also offers additional add-ons such as AI-driven styling suggestions, store communications and advanced analytics designed to elevate stores towards a fully integrated digital ecosystem.

In-Store Digital Transformation

MERCAUX

Transforming over 600 stores

With Mercaux's solution used in over 600 stores across Europe, Russia, and the Americas, some of the company's existing customers include fashion brands French Connection and United Colors of Benetton, and Nike Russia - the latter reporting a15% increase in conversion after implementing Mercaux.

Multi-channel Buying Experience

The retail industry faces numerous challenges, but according to Olga, the biggest one is shifting in response to rapidly increasing customer expectations and a dynamic economic climate.

"Consumers are moving to an omnichannel buying experiences and they demand a seamless experience across channels. At the same time, retailers need to attract and retain loyal customers where there is a seemingly endless abundance of choice."

Select customers	Quick facts
French Connection	**Year founded:** 2013
Nike (Russia)	**Impact:** Powering more than 600 stores across Europe, Russia, the Americas
United Colors of Benetton	**HQ:** London, UK
Duffry	**Investors:** Nauta Capital, Lyra Ventures. Maxfield Capital
Finn Flare	**Website:** mercaux.com **Twitter:** @mercaux **LinkedIn:** www.linkedin.com/company/mercaux

"We discovered that the main challenged retailers faced in 2019 was understanding location as the "market context" that makes up a catchment area."

- **Jaime Laulhe**, CEO & founder @Geoblink

Super-charging Location Management

Geoblink

Ex-McKinsey consultant, Jaime Laulhe, first got a taste of the impact of data and advanced analytics in the retail industry while helping a fashion retailer improve the performance of their stores.

It was here that Jaime saw the opportunity to build a seamless SaaS product that helped retailers make the most out of their physical locations.

"After further research and having worked on an MVP with the help of two developers, I became obsessed with the idea and decided to quit the firm to pursue my dream to establish Geoblink," recalls Jaime, CEO and founder of Geoblink.

Real-time insights at a click of a button

As a cloud-based Location Management Platform, Geoblink enriches its clients' own data with premium location-related sources, giving them a 360° view of their point of sale networks.

These location elements provide retail ecosystem professionals with the *"missing pieces"* of the story needed to ensure each location operates at its maximum potential. With its intuitive interface, Geoblink's advanced data capabilities and predictive statistics help clients gain strategic insights about their networks and implement tailored action plans per location in a matter of minutes.

Whether it's deciding where to open a new store, launch a new product, or even maximise sales for different locations, Geoblink's platform enables companies to optimise their performance.

According to Jaime, traditional Geographic Information Systems are not easy to implement for non-technical users, or are not industry-specific, meaning that they often require experts to set-it-up as well extensive customisation.

Geoblink is focused on few but huge industry-specific problems. *"Our platform can be handled by non-expert users: it is an end-to-end and ready to use platform which has location at the core of its analysis. We have created Geoblink to be modular, allowing the clients to tailor the package by adding or removing features, and only paying according to what they need,"* explains Jaime.

Helping leading brands decide their next move

Geoblink has quickly become a leading player in the retail ecosystem, serving customers across retail, consumer goods, and commercial real estate.

With customers including IKEA, Danone, Pizza Hut, CBRE, PepsiCo, amongst others, the company has more than 100 clients across Europe.

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Super-charging Location Management

Geoblink

Location as the market context

According to the results obtained in Geoblink's recent Future of Retail Intelligence 2019 survey, 37% of retailers closed stores due to choosing the wrong location. However, 87% claimed that location was the most critical factor for business performance.

"We discovered that the main challenged retailers faced in 2019 was understanding location as the "market context" that makes up a catchment area.

Catchment areas are like finger prints, while some may have similar characteristics, no finger print is ever really the same. The same can be said about location—once we know what drives sales per location, ensuring each site reaches its full potential becomes a reality."

Select customers	Quick facts
IKEA	**Year founded:** 2015
Danone	**Impact:** 100 customers across Retail, Consumer Goods & Commercial Real Estate
Pizza Hut	**HQ:** Madrid, Spain
Pepsico	**Investors:** Nauta Capital, Elaia Partners
CBRE	**Website:** geoblink.com **Twitter:** @geoblink **LinkedIn:** linkedin.com/company/geoblink

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"I began to think about how poor the payment experience can be in brick and mortar store in comparison to buying online, and the negative impact friction like this has on sales."

- **Mustafa Khanwala**, CEO & co-founder @Mishipay

The cashierless store

Inspired during what is for many a simple trip to the shops, Mustafa Khanwala was left frustrated after waiting 20 minutes in a queue to pay for a can of soda.

"I began to think about how poor the payment experience can be in brick and mortar stores in comparison to buying online, and the negative impact friction like this has on sales," recalls Mustafa.

It was at this moment that the engineering graduate had his eureka moment, and MishiPay was born.

Founded in 2015, MishiPay is a mobile self-checkout solution that brings the best of online checkout experience to physical retail stores. The company's technology allows in-store shoppers to use their own mobile phone to scan and pay for their chosen items, and then simply exit the store with their purchase.

Eliminating checkout friction

With figures from Adyen showing £284 billion in annual losses due to abandoned baskets caused by long lines, the primary problem MishiPay is solving is checkout friction in physical stores.

Furthermore, the company is tackling a number of other problems faced by physical stores such as improving profitability, making better use of floorspace, and improving customer experience.

According to Mustafa, this is all possible due to their patent-pending technology.

"We can integrate with RFID to protect against theft, as well as provide a dashboard to give retailers real-time visibility of their stores and analytics for actionable data to improve their operations and customer experience," explains Mustafa.

As it's a cloud-based solution, retailers do not need additional hardware – making the solution scalable, cost-efficient, and quick to implement.

On the consumer side, shoppers can access MishiPay's app either by downloading the app or through MishiPay's web-app, where they can view product information, pay for the item through several payment methods including; credit and debit card, Apple Pay, Google Pay, and more, and then receive a digital receipt for their purchase.

The Cashierless Store

MISHI PAY

Currently live in 9 countries across Europe - with plans to go live in the U.S. soon – some of MishiPay's retail customers include Decathlon, Lagardere (Relay), PicWicToys, Compass Group, and Eroski.

"As well as eliminating abandoned baskets, we have seen significant growth in average basket size/value for shoppers using MishiPay - with one retailer this growth is over 50%," says Mustafa.

Better in-store experiences

"I'm excited about the launch of more customer facing technologies that enable better in-store experiences for shoppers; when browsing, trying on products, paying for them, and also for their delivery.

This can be supported through the use of great technology such as RFID and other key backend infrastructure technologies that work in the background to enable such exciting user experiences.

But in order to provide these experiences, retailers need to adapt quickly."

Select customers	Quick facts
Decathlon	**Year founded:** 2015
PicWicToys	**HQ:** London, UK
Lagardere (Relay)	**Impact:** Live in stores across 9 countries
Compass Group	**Investors:** Nauta Capital, American Express Ventures, United Ventures
Eroski	**Website:** mishipay.com **Twitter:** @info_mishipay **Linkedin:** linkedin.com/company/mishipay

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Section 5

VIEWS & PREDICTIONS FROM THE INDUSTRY

Over-hyped

Commercial value in AR/VR

"AR and VR are cool pieces of technology and startups have been suckered into this. As a result, many AR / VR startups have started with the technology itself rather than the problem they're trying to solve. So, you often find AR or VR startups which lack a clear use case, and have limited commercial value."

–
Oksana Stowe, Principal & Head of Seed Fund
True

Over-hyped

Last-mile delivery solutions

"The promise of last-mile delivery solutions such as drones and unmanned vehicles have failed to deliver. While these solutions are ambitious, companies have found that existing systems, infrastructure, and regulation inhibit deployment."

–
Jordi Vinas, General Partner
Nauta Capital

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Major
retail themes for
2020

Globalisation to narrow the
EU vs U.S. difference

"Retail tech startups in the U.S. and EU face different challenges, which means the target problems they address and the solutions they deploy will be different. For example, businesses in the EU sell in many different countries so internationalisation is usually a more important focus. Because of the size of the U.S., you can see sub-segmentation work well. However, as globalization continues, we expect these differences will continue to narrow over the next decade."

–
Julia Huang, Managing Director
American Express Ventures

Major
retail themes for
2020

5G to revolutionise engagement

"5G is just beginning to be rolled out and this is set to revolutionise much of the engagement with brands and retailers, making immersive video commonplace, wherever we happen to be."

–
Andrew Busby, Author & Top 20 Global Retail Influencer
Retail Reflections

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Major
retail themes for
2020

Contextual intelligence

"Currently we are seeing device, time, and location-based solutions leveraging statistical audience inferences. The next wave of innovation will be contextual intelligence and hyper-personalisation that will drive more meaningful customer interactions."

–
Carles Ferrer, General Partner
Nauta Capital

Major
retail themes for
2020

Retailers to invest heavily in tech

"I think in 2020 retailers will continue to invest heavily in tech. I am looking forward to seeing how mainstream some technologies that can revolutionise the customer experience, such as self-checkout and AR/VR and Visual search, will become."

–
Manuel Queiroz, Director
Sonae Investment Management

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Retail in the next decade

Sustainability a core tenet

"The distinction between the online and offline retail worlds will become increasingly blurred as retailers improve their omnichannel offering to meet consumers' demands for ease of access and personalised dialogue. Sustainability will also become a core tenet of retailers' business models, rather than a nice to have."

–
Oksana Stowe, Principal & Head of Seed Fund
True

Retail in the next decade

Melding of physical and digital

"We believe the physical and digital retail worlds will continue to meld. Physical retail will remain an important part of the customer journey, but retailers will tailor their physical experience to meet the unique demands of their customer base. Helping drive this shift will be the continued blurring between the consumption of goods and consumption of services."

–
Julia Huang, Managing Director
American Express Ventures

Retail in the next decade

Human intervention

"Automation and robotics will continue to develop although much of this will occur in the back office and supply chain as in store, it will be offset by our increasing desire to detox from digital and engage with human beings. Perversely, human intervention may become the biggest new trend to come along in the next 10 year."

– **Andrew Busby,** Author & Top 20 Global Retail Influencer
Retail Reflections

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Final thoughts...

The retail industry is going through a tremendous transformation **driven by various shifting dynamics.**

At the same time, the rate at which technology has advanced and the adoption of solutions offered by new entrants has matured.

New companies are no longer viewed as actors behind the demise of established industries, but rather, **collaborators and innovation catalysts.**

On the startup side, entrepreneurs have demonstrated deep industry understanding, and the ability to create seamless solutions to some of the industry's most pertinent challenges. No wonder then, that Europe's B2B retail tech companies have received over **€7B in investment, and have reached a combined valuation of nearly €90B.**

About Nauta Capital

Nauta Capital is a pan-European Venture Capital firm investing from late Seed and Series A; with a strong emphasis on capital-efficient B2B software propositions, and selected lean consumer plays.

As a **sector-agnostic investor**, some of the themes Nauta has invested in include **HR tech, Retail tech, Data & Analytics, Martech, Edtech, and Security amongst others.**

Nauta has more than €360 million under management, and a portfolio of 50+ companies. Some of its portfolio include Brandwatch, BeMyEye, MishiPay, Mercaux, zenloop,Nextail, and Geoblink.

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Dealroom is a global research & data platform, providing intelligence about startups, innovation, venture capital investment, and tech ecosystems.

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