

Venture Capital Chapter

The Swiss venture capital market reached CHF 3.1bn (+44%) in invested capital in 2021. Swiss start-up scene has made an impressive comeback after the slight decline in 2020, with record in trade sales, IPOs and new funds. However, this is not at par in international comparison.

Proven but still full of untapped potential

In Switzerland, CHF 3.1bn have been raised in 2021, which represent an increase of 44% compared to 2020. The progression is mainly due to larger invested capital in later stage deals, with insurtech Wefox CHF 584m and 4 rounds of more than CHF 100m. It is also worth to observe the increasing number of funding rounds (355 rounds, +17%), specifically supported by early stage deals, certainly reflecting the very solid developments witnessed over the years. Fintech and biotech remained ahead of the curve, with respectively 28% and 25% of 2021 invested capital. Although broad geographical distribution of large investments rounds across all Swiss regions, Zurich and Vaud kept the lion share as both cantons broke their previous record, with respectively 42% and 20% of 2021 invested capital. Strong increase also in 3 cantons: Ticino, Lucerne and Schwyz, each recorded more than CHF 100m in investments.

When it relates to exits, 2021 has also been a very active year with 11 IPOs and more than 50 trade sales. This is particularly remarkable as realized during the COVID-19 pandemic. These overall good performances have to be put into international perspective. Global venture funding reached a record \$621bn in 2021. This is more than twice the 2020 mark of \$291bn. All regions saw increasing funding, the US (\$311bn, +107%) was by far the leading region, followed by Asia (\$175.9bn, +89%), Europe (\$93.3bn, +142%) and LatAm (\$20.2bn, +270%). This is to remind us to keep on accelerating as competition is fierce and global.

Switzerland birthplace of cleantech

Despite the recent refusal of the CO2 law by the Swiss population, Switzerland is a historical and natural hub for the development of cleantech (i.e. material recycling, urban solutions and green energy systems, transport and mobility, smart farming). With countries around the world setting ambitious goals and taking coordinated decisive actions to counter global warming by decarbonization, investments in cleantech will need to dramatically increase in the next decade. This is a huge opportunity to be seized by our country to promote its technology and capacities. The expertise and excellence of Swiss research centers, academics and industrial partners provide a competitive advantage that should allow Switzerland to craft a new strategic venture capital vertical and build the next champions in environmental technologies. This has already started with large rounds in cleantech start-ups like Climeworks and Energy Vault. In 2020, cleantech contributed to 4.5% of Swiss GDP, employing 211'000 people.

An attractive asset class for institutional investors

The Swiss venture capital industry has grown significantly over the last 5 years. Currently 35 new funds are open for investments, reflecting the dynamism and diversity of Swiss fund managers. This asset class provides a steady growth rate and a low correlation to equity markets, but requires time to mature as good wines. On the other hand, Swiss Pension Funds are not yet grasping the opportunity to invest in the Swiss venture capital market. This is partly due to the fact that venture capital only developed in Switzerland over the last decade, lacking sufficient market volume required by institutional investors. This is about to change and noteworthy to mention the 2021 amendment to pension funds investment regulation (i.e. BVV2). Swiss pension funds have now more flexibility when investing in venture capital and could allocate up to 5% of their total assets.

Dedicated events for institutional investors will be organized by SECA VC Chapter over the year, allowing a better understanding of the actual state of the industry.

The SECA VC Chapter is proud to be part of this incredibly dynamic ecosystem and to contribute to the success and development of the Swiss start-up scene.

Representatives of the Venture Capital Chapter of SECA

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Sources: Swiss Venture Capital Report 2022, Swiss Cleantech Report, Dealroom.co

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