



# Bocconi Students Fintech Society

European Venture Capital in Fintech

Equity Research: **Swile worktech company** backed by **Index Ventures**

M&A / VC Division

[www.bsfintechsociety.com](http://www.bsfintechsociety.com)

# An introduction on Index Ventures

## Index Ventures is...

- An European venture capital company
- Dually headquartered in California and UK
- Founded in 1996 by N. Rimer, D. Rimer, and G. Zocco
- Invests in technology-enabled companies with a focus on e-commerce, fintech, mobility, gaming, infrastructure/AI, and security



## Key numbers...

- Raised a total of \$12.4 billion across 19 funds
- Total number of investments: 984 companies\*
- Current portfolio: 356 enterprises
- Exits: 217 companies
- Employees: 3 in 1996 → 88 in 2021






Sources: Index Ventures, TechCrunch, Dealroom, Crunchbase

\* Updated to Oct. 2021


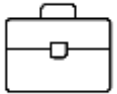



# An introduction on Swile

## The new French tech unicorn

### Swile is...

- **A worktech company** 
- **Headquartered in Paris** (France), **operates in France** (3 cities) and **Brazil** 
- **Founded in 2018 by L. Soubeyrand** (graduated in Management at IAE France, co-founder of Teads.tv, CEO of Swile) 
- **Provides an all-in-one card for employee benefits** (as meal, gift, and mobility vouchers) **and an app for team life** 
- **Looks at international business expansion, beyond corporate benefits services**
- **Venture capital-backed:** funded by 8 investors among which Index Ventures and Softbank are the most recent ones 

### Key numbers...

- **Users: 500,000\*** (in France and Brazil) 
- **Corporate clients** (such as Carrefour, Le Monde, PSG, Airbnb, Spotify, Red Bull and Tik Tok): **15,000\*** 
- **Employees: 420\*** (equally distributed in Paris, Montpellier, Brazil, and remotely) 
- **Captured a 13% market share\*** on meal vouchers in France 
- **Enterprise value: €909 million\*** (\$1.29 billion)
- **Raised €15 million in 2018, €30 million in 2019, €70 million in 2020, and €175 million in 2021\*** 

Sources: Swile, Crunchbase

\* Updated to Oct. 2021

# Business description

Swile offers payment cards providing employees benefits such as meal vouchers, gift coupons and mobility vouchers for businesses. Revenues are generated by interchange fees and commission on affiliates.

## A unique value proposition

- **For end users:**
  - Access to all restaurants, within Mastercard network
  - Up to 30% savings with group ordering
  - Opportunity to get to know colleagues
- **For restaurants:**
  - Easier to manage
  - Lower cost
  - Faster payments
  - Higher revenues (larger groups)
  - Higher customer loyalty
- **For enterprises:**
  - Easier to manage
  - Lower cost
  - Strengthen the team spirit and company culture



## Main characteristics

- **Visionary founder** who attracts talented people, created an engaging company culture, capable of effective execution
- **Fast product growth** to offer an all-in-one benefits platform
- **Oligopolistic big market** with high margins
- **Strong product bases** (card + app) ready to scale and create a fulfilling work environment
- **Second fastest French tech company** to reach unicorn status



# Industry overview

Smartphone technology and digital payment systems permitted to disrupt the meal voucher, by launching a fully-automated smartphone-based voucher system that boosts efficiencies, reduces costs, and creates positive social and environmental impacts.

## Industry Trends

- **Meal vouchers have become a common part of employee benefit programs**, growing worldwide.
- **Competition in the industry is intensifying**, by the increasing number of companies entering the sector.
- **The market is expected to grow** by \$14.64 billion worldwide, accelerating at a CAGR nearly 4% during 2021-2024. Europe is expected to represent the 33% of the market growth.
- Main industry players: Edenred SA, Sodexo Group.



## Vendor Analysis

- The **market is concentrated**.
- The **growth** of the players depends on factors such as **market conditions**, **government support**, and **industry development**.
- To survive and succeed, players must distinguish their product and service offerings through **clear and unique value propositions**.
- Swile disrupted the incumbent meal voucher market in France not only providing an **all-in-one smartcard groups** together all employee benefits, but also **reinventing life at work**, by creating a better work culture with their super app.
- Main Swile's competitors (beyond Edenred and Sodexo):



# Investment Rationale

Index Ventures participated in the **Series B, C, D funding rounds** (in Series B and C as the leading investor). The total funding amount for these 3 rounds was **\$304M**.

## Risks

- High need for **Application Programming Interface developers** to keep multiple functionalities of Swile card easy and seamless.
- Difficult standardization of the app for various geographies: **cultural and economic boundaries** may exist.
- The meal voucher market was successfully exploited in France, but the **employee recognition software** market has already a lot of competitors (Fond, Bonusly).
- The operational area of this unicorn is **divided between two countries on two different continents** – Brazil and France (success of one area may not translate to success of the other).
- Emerging French tech market (3 unicorns in 2017 vs 19 unicorns in 2021) and therefore **increased competition**.
- Difficulty in convincing to switch from **Lydia/Revolut** to Swile to send money to relatives.

Sources: G2, Index Ventures, Crunchbase



# Valuation

Swile recently raised \$200 million in a Series D funding round led by SoftBank Group International. With this funding round, Swile has now reached unicorn status, meaning that it has a valuation of \$1 billion or more.

## Rationale behind rising valuation

- Swile has ambitious international goals and aims to make Brazil its biggest market for employee benefits.
- It plans to use its capital injection to both extend beyond its 'e-meal vouchers' and lunch break experiences
- Swile aims to centralise all existing rewards and benefits to be stored and managed via a single card, account and application.
- Swile aims to double its workforce by the end of 2022 and expand its operations in Europe.
- Swile currently has a customer base of 500,000 users and 8,000 corporate clients. Its operations are based in eight cities across France and Brazil.

## Expected valuation

Year	Valuation (€mn)
2021	909
2022	1,300
2023	1,700

Sources: Techcrunch, Tech.eu, Index Ventures

Estimated valuation projections are based on Swile's targets of doubling workforce in order to expand operations across Europe

\* Updated to Oct. 2021

# Our "Buy/Sell" recommendation

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- **Innovative and disruptive business idea**, which is **highly appreciated** by its notable clients
- **Enriching the initial business idea**: from a food takeaway platform to a meal voucher solution first, and now to the leading benefits and engagement platform
- **Employer branding** as the pillar of the branding strategy: enabled Swile to remain a rewarding working place despite the boosting challenges
- Despite the increasing competition, it reached a **significant market share** by proving a **unique value proposition**
- Has grown and continues to **grow exponentially**: second fastest French tech company to have reached the unicorn status
- Aims to **expand** in potentially **high profitable markets** (as Brazil), also by acquiring different companies (Vee Benefits, Briq, and Sweevana)
- Plans to double its workforce by hiring 500 employees by the end of 2022
- **Well managed** by the visionary founder
- Ranked second on LinkedIn France's list of **most attractive startups work and investment wise** in 2021



Rating:  
**OUTPERFORM/  
BUY**





## Project Lead



Ghali Taoussi  
Project Leader M&A/VC



*Scientific French Baccalaureate Background and Economics student at Bocconi University. Ghali offers extensive hands-on experience through **Investment Banking** and **Investment Management** internships, experiences and trainings at **BNP Paribas**, **M Capital Group** (US Investment Bank) and **Amplify Trading** (British Prop Trading Firm).*

## Junior Analysts



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