

# Supported by corporations and scaling innovation in real industries, a profile of Cathay Innovation

With #QVCS, Maddyne profiles different funds to give founders and entrepreneurs the information they need to choose the right investor. Today, we speak to Denis Barrier, Head of Cathay Innovation.

---

After meeting Mingpo Cai, serial entrepreneur and founder of cross-border private equity firm Cathay Capital, we started *Cathay Innovation* in Paris in 2015 to build a unique global platform with a unified ecosystem of stakeholders including large corporates and cutting edge startups able to collaborate and add value together.

Our roots are global, stemming from various backgrounds in the startup, corporate and investment worlds across France/Europe, China and the US. But we shared a similar vision around building a global ecosystem that would be incredibly useful to both entrepreneurs looking to scale and corporate executives looking to innovate with an entrepreneurial mindset.

Today, we're a multistage Venture Capital partnership with over \$2B AUM investing in startups at the centre of digital revolution across Europe, North America and Asia from offices in San Francisco, New York, Paris, Shanghai, Beijing and Singapore. We're backed by many leading corporations as investors and strategic partners in our funds, collaborating with portfolio companies to

fuel both startup growth and corporate innovation.

We've also expanded to emerging markets with dedicated teams and funds covering Africa (partnering with AfricInvest), Southeast Asia and Latin America (alongside Seaya Ventures). Apart from our three marquee funds, we've launched several specialised funds in areas like seed fintech, energy, cartech and Web3 (in partnership with Ledger) along with our Fund of Funds, Cathay InnoSquare.

## Which industries are you working in?

The industries we're focusing on include enterprise software, AI, fintech, digital health, tech-enabled consumer, new mobility, logistics, retail and smart-energy. In the next ten years, all industries face massive change as modern digital infrastructure redefines markets by better linking products, customer needs and the wider value chain.

With Fund III, our goal is to back these next-gen digital platforms bringing new technologies and business models that will be pervasive in industries. We also want to have a real impact on the success of future partnerships that will be struck between new leading platforms and our strategic industrial investors, helping the latter to lead the enlarged markets of the future. By linking healthcare and finance to consumer, mobility / logistics and energy — we believe that we can help our strategic industrial investors deliver better, more efficient products and solutions to meet all customer needs.

## What do you look for in a founder?

We look for visionary founders and mission-driven teams who have the potential to grow and lead markets. We typically work with startups at the inflection point of growth, with revenues between \$5M to \$20M, that will benefit from guidance on refining the company, maximising performance and creating long lasting value.

A startup's contribution to sustainability is also a critical component to our investment philosophy, taking into account various issues such as economic growth, social interests and safeguarding the planet.

## Can you talk about your current

## portfolio?

We've made over 120 investments and have backed 20 unicorns including Chime, Glovo, Ledger, Owkin, Momenta, Sidecar Health and ZenBusiness with seven exits, including the public offerings of Pinduoduo (Nasdaq: PDD) and Wallbox (NYSE: WBX) and the acquisitions of Glovo by Delivery Hero, Drivy by Getaround, Alkemics by Salsify and Trifacta by Alteryx.

We typically invest in Series A and B startups as well as in growth rounds (with a preference for early growth) as a lead or co-investor in our key geographies. The new fund looks to bring greater purpose to investments by focusing on both transformation potential and financial returns.

## How has COVID-19 changed the way you operate?

As a global firm, we've always been comfortable with digital communication. We have eight offices across five continents. From a physical and logistical standpoint, Covid didn't change any of that. When the world was under lockdown, our platform was extremely useful for global knowledge sharing across our team and with our stakeholders. We believe this value will continue to be more and more important as some parts of the world become less connected to each other.

From a philosophical standpoint, while we believe people will always need to create personal links in their day to day activities, Covid did help realise the acceleration of certain digital trends and changed consumer consumption behaviour, perhaps permanently.

## What does the future look like?

As digitisation continues its exponential growth, I believe we'll see more and deeper collaboration between startups and corporations that are now moving towards completely symbiotic relationships. Rather than being seen as "disruptors" or competitors, corporate leaders are now seeing startups as key strategic partners in the path to digital transformation which will create more flexible and innovative business models, at scale, for both sides. This new phase — going from open innovation to open transformation — will lead to the biggest business opportunities of the future, creating more value for startups along with unique innovation and revenue-growth drivers for large organisations. In the next ten years, we'll see a larger number of startups than ever before holding great significance by creating massive platforms that will

interconnect and transform industries.

I also think sustainability will become a bigger concern for European VCs. Going forward, investors will pour even more time and capital into climate change and ESG efforts under a shared conviction that startups will be key in shifting to a more sustainable economy. As one of the most advanced VC ecosystems with a deeply rooted sustainability mindset, this will have a huge impact on how European startups operate and innovate. While other regions (e.g., the US) still largely separate traditional and impact-oriented investments, we'll see the EU's approach produce global leaders in sustainability innovation.

## What makes Cathay Innovation different?

Unlike many VCs, our funds are heavily supported by leading multi-sector corporations, acting as strategic partners that collaborate with portfolio companies to scale innovation in real industries. This includes some of the biggest names in industries today such as Sanofi, BNP Paribas Cardif, Bpifrance, Valeo, Michelin, TotalEnergies, L'Oreal, Pernod Ricard, Accor, Kering, Groupe SEB, Groupe ADP (Paris Aéroport) and more. This has allowed us to build a global ecosystem that breaks silos, bridges economic cultures and shares industry knowledge, local market expertise and business development opportunities — connecting startups with many potential partners from the very start.

## What one piece of advice would you give founders?

We believe the best innovations come from all corners of the world. Our advice to founders is to persevere with their ideas, regardless of their geographic location. Grit and resilience are not exclusive to the traditional tech meccas.

Denis Barrier is Head of *Cathay Innovation*.