AXA
Venture Partners

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AVPapers #1

What we have seen in 2018 and how we imagine 2019?

2018...

2018 was a good year for many companies in the AVP portfolio and we have been proud to support the growth of these companies.

While 2018 was a very busy year for tech and innovation, at AVP we also saw the continuation of several big tech trends including increase of data leaks and exposures, sensitivity of data protection, digitalization of health services, new usages of AI and ML that we believe will continue to have a big impact in 2019 and beyond.

With that in mind, we wanted to have a look at 2018 for AVP and our portfolio companies and ask our teams in the U.S and Europe about what they're excited about for the year ahead.

This is what success means for our companies:

Forcemanager (mobile CRM for field sales teams) has acquired Sellf, an Italian mobile CRM company with gamification programming and continued its expansion;

SecurityScorecard has been recognized as a Leader in the Cybersecurity Risk Ratings Report by Forrester Research;

Policygenius has been named to the 2018 CB Insights Fintech 250 List of Fastest-Growing Fintech Startups;

Neura has been named as a cool vendor in the Connected home by Gartner.

At AVP in 2018,
we partnered with 9 new companies
(3 on the growth stage and 6 on the early stage).

HEALTH —

We have accelerated our investments in Health in Europe with **Happytal**, a company founded in 2013 by health industry-savvy founders and strives to revolutionize patients' quality of life throughout their healthcare journey from pre-admission until they return home. We have also continued to invest in the US with **Mindoula** and **Hint.**

HR TECH —

A growing area of interest for our teams in 2018 has been HR tech. With **Phenom People** (Talent Relationship management platform), **Zenjob** (staffing platform) and **Hackajob** (recruiting platform) we have invested in various technologies that will support the HR transformation at different levels.

For the rest of our portfolio, we have seen in 2018 a strong acceleration of business relationships between our portfolio companies and our investors, which is one of our added value.

Two examples to illustrate this business acceleration:

Limelight Health who is re-defining the quoting process for employee benefits by e-enabling the end of workflow has secured an agreement with AXA US and is now a key component of AXA's employee benefits offering.

Contrast Security who automatically detects and fixes vulnerabilities and defends against targeted attacks and bots is now working with many AXA entities and is becoming a standard on cybersecurity.

Overall in 2018, $110m have been deployed by our teams to support entrepreneurs and funds across the globe. We will continue in 2019 to accelerate and support our portfolio companies by connecting them to our investors and other relevant corporates and partners.

WHAT'S AHEAD FOR 2019

Now that we've wrapped up another exciting year, **we asked our team's perspective** on the themes they believe will carry over into 2019, as well as new trends and technologies they think will emerge.

What trends from 2018 will we see carry over into 2019?

ALEX SCHERBAKOVSKY

"With hackers getting more sophisticated, enterprises will continue to invest in security technology. Our current portfolio companies such as SecurityScorecard and Contrast Security will be beneficiaries of this trend, and we are actively seeking additional investments in the security sector".

IMRAN AKRAM

"There has been a long run in the markets and huge expansion in the technology sector over the last decade. At the end of 2018 we saw the first signs of uncertainty in the public markets and this is likely to spill over to private companies as well. We have always been focused on the core unit economics of a business working with reasonable payback periods on customer acquisition spend and expect this to increasingly be in favour in 2019."

MANISH AGARWAL

"Expect that companies that are building unique data assets will continue to be highly valued and funded. It is not so much about AI / ML techniques being used, but more about the underlying data and how much of it is proprietary vs. not."

FRANÇOIS ROBINET

The marginal cost of innovation has been drastically decreasing in the past 10 years and has continued in 2018, so that it is cheaper and quicker in many industries to innovate in an entrepreneurial environment than in a research center in a large corporate. Open innovation is the rule and not the exception and will be even more. So, of course, flows of capital drive valuation up, encourage the creation of new companies and launch of new projects, but there is a secular trend in start-up creation that will not stop anytime some cheaper and more efficient way to innovate.

...2019

What sectors do you think we'll see take off in 2019?

IMRAN AKRAM

"The transformation to data driven decision making for online businesses (ecommerce, gaming) is complete for the best companies, rather than hypothesising about what customers want they are letting data decide via testing. In offline businesses and processes this is more difficult because of the challenges in getting and structuring data but the demand is the same.

We are seeing an increasing number of companies focusing on a specific vertical or business process and integrating workflow to capture data as well as machine learning to increase automation and improve decision making based on that data. For example, we see this in everything from supplier risk assessments, recruitment workflows, corporate travel booking and fraud claim management. This is likely to be a mainstream trend in 2019."

ALEX SCHERBAKOVSKY

"As artificial intelligence and machine learning technologies mature, companies will seek to use them to drive efficiencies in departments that involve repetitive tasks. One area that we believe is ripe for automation is customer service".

MANISH AGARWAL

"2019 may be the year when we start to see real and sustainable outcomes from the hundreds of digital health offerings and the ones that are able to show these outcomes will clearly differentiate themselves from the rest."

FRANÇOIS ROBINET

"2019 may be the year of truth for some Fintech models. Indeed, many Fintech, since their creation, have been enjoying a one-way environment, with ultra-low interest rates and low credit default. One thing that is 100% certain is that at one point, this environment will change, and rates will increase and defaults will increase. The question is when? Difficult to say, but some economists predict that this downturn may be for 2019...

In this environment, some models may be very challenged, in particular for lending platforms. For example, the so called "superior underwriting and risk-management algorithms" will be tested and we will see which one are really "superior". Along the same vein, overall cost of borrowing will increase and only the platforms with the best Asset Liability Management program will be able to deal with this.

As Warren Buffet says, "this is when the tide is low that one can see who swims naked"."

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We support outstanding companies.

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