



Insights

# AVP Investment thesis Veesual

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## What is the opportunity behind the AI Image Generation for fashion market?

The AI image generation technology offers a unique and innovative way for retailers to enable their customers to experience and interact with online products like never before.

This technology unlocks augmented shopping experiences and brings out customization, especially in the fashion world. In simple words, customers can now have access to virtual try-on of clothes and select models with diverse body types while playing with mix and match features, similarly as in a video game.

This is really relevant for e-commerce businesses selling clothes. As a matter of fact, everybody knows the challenge of selling fashion online:

- Low conversion rate because people are not sure about how a garment fits;
- High return rate because people can be misled about the fitting and the look of a garment;

The main problem of e-commerce compared to “brick and mortar” store is that you do not have the experience of a fitting room.

This disruption leads to a win-win situation for both consumers and retailers. Customer experience is enhanced, which leads to more engagement and confidence in purchasing decisions online. On the other hand, retailers see this translated into the improvement of major KPIs very quickly: substantial increases in Average Order Value and conversion rates with decreases in return rates and photoshoot costs. Moreover, these solutions help retailers capturing valuable data insights to personalize the shopping experience, recommend products accurately, and create targeted marketing campaigns.

Overall, the market for augmented shopping experience is exciting as it combines cutting-edge technology with a concrete application that has the potential to transform the way we shop online. This is a multi-billion-dollar opportunity supported by underlying factors of the fashion market. In this \$1.7tn industry, e-commerce is to be the #1 growth lever in the next 5 years and expected to reach 40% of sales in 2027 from 20% in 2020.

In this market, we believe Veesual has several competitive advantages that will enable it to grow effectively in Europe and the US.

## Why are we excited about investing in Veesual?

We are convinced Veesual is well-positioned to take a leadership position with its powerful proprietary image generation technology driven by an ambitious roadmap and led by a highly experienced and forward-thinking team.

Nothing is more valuable than customer feedback and the calls we had with some of Veesimal customers from Europe and the US were really eye-opening. These revealed a solid conviction about the product and its return on equity, with high-quality content often exceeding expectations. The Mix & Match (which consists in mixing any top with any bottom garment) and Switch Model (which consists in visualizing a garment on various body types) features were particularly appreciated, indicating a strong market demand for engaging, interactive and personalized content. The quality of AI-generated content, particularly image quality, was crucial. Many customers see this solution as a key element of differentiation in the ecommerce space and as a prominent must-have in the medium term.

While this market remains a competitive one, most players are based in the US or have a different Go-To-Market strategy. Tech giants like Google, Amazon or Alibaba are developing their own solutions for their e-commerce platforms. Besides, large retailers show their interests for such solution, as we saw it with Walmart acquiring Zeekit Virtual Try-On tool in 2021. That more than confirms the growing importance of AI-generated content in retail.

The strong proprietary image technology generating superior quality images, precise fitting, and high scalability all contribute to Veesimal's "secret sauce". This is made possible thanks to its outstanding team, composed of experienced and complementary profiles. Co-founders Maxime Patte (CEO) and Damien Meurisse (CTO) are repeat entrepreneurs and have managed to build a very solid team with talents from prominent fashion and tech companies. We firmly believe that their boldness, dedication, and charism will allow them to achieve their ambitious goals and build an outstanding company.

Veesual will benefit from AVP Partners' unique reach with enterprise companies, notably in the fashion industry.

Overall, investing in Veesimal presented an excellent investment opportunity focus thanks to its first-class product and proven ROI, in a substantial and growing market, driven by a skilled and ambitious team. We are thrilled to partner with Veesimal and are very much looking forward to participating in the development of Augmented Shopping experiences through AI Image Generation, and helping transform fashion e-commerce into a more convenient, engaging, and personalized experience.



We invest in great entrepreneurs.  
We support outstanding companies.



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