



FOREIGN DIRECT INVESTMENT AND THE
Rise of the Unicorns

Next generation tech companies:
Global location and expansion strategies

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FOREIGN DIRECT INVESTMENT AND THE Rise of the Unicorns

How and where will you go global?

About the study

‘Foreign Direct Investment and the Rise of the Unicorns’ is MCJ Lemagnen’s world-first study of the most exciting next generation tech companies and their global location and expansion strategies.

We studied Unicorn companies (privately owned businesses valued at over \$1BN) and fast growing, aspiring Unicorns around the world. This work includes both new market research and extensive secondary data search and analysis.

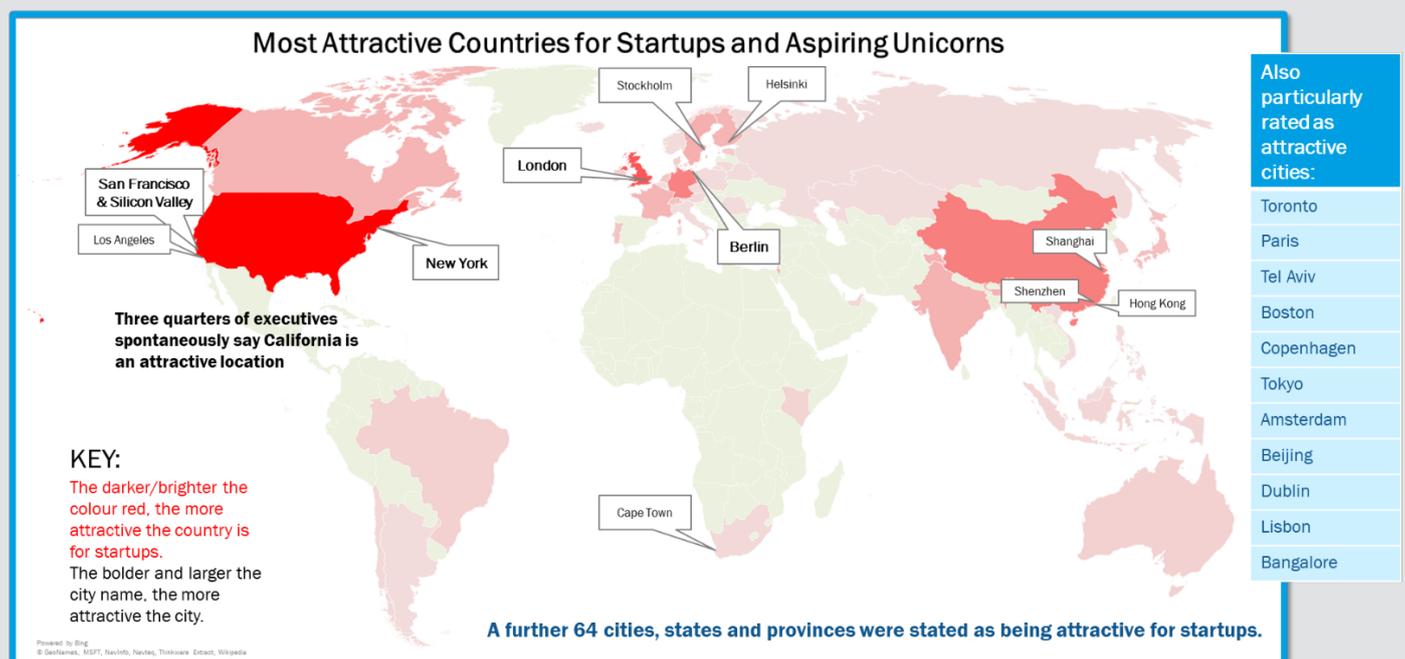
Sectors covered in this study include:

- ICT, hardware, software and services
- Media, entertainment and leisure
- Life sciences
- Cleantech and smart city
- Food, nutrition and cosmetics
- Advanced manufacturing
- Transport technologies
- Financial services and fintech
- Business services
- Educational technology

Where are the hot locations?

We asked people what they considered to be the top three best locations (countries and cities) for start-ups, and this was completely unprompted. As you can see on the map, there were a lot of locations mentioned and people can be quite locally oriented too. However, the USA (in particular California - specifically the Bay Area and Silicon Valley) were mentioned the most – and that was an opinion shared globally.

In Europe, the UK, Germany, Nordics and Baltics are all well regarded. And, of course, China and India are in the mix. It’s also important to note that there is a difference between starting-up and scaling-up. Scaling up is very much about the bigger market locations. Startups can come from almost anywhere but scaling up is a different challenge.



Dramatic acceleration in cross-border investments

700+ companies...
made almost 3,000 cross-border investments...
in over 90 countries...
worth an estimated €55BN...
creating c. 160,000 direct international jobs.

Unicorns - past, present and potential - have already created substantial employment and value, both in their home countries and internationally. There has been a dramatic acceleration in the number of cross-border investments by Unicorn type companies.

There was a six-fold increase between 2010 and 2017, massively outstripping the growth of cross-border corporate investments as a whole. In fact, only one third of the companies in our analysis has already realized international investments and many of the companies in the study are still very young, so there is great potential here.

Priority decision factors and challenges

Looking to the future, we asked executives what they felt would be their biggest expansion challenges over the next two years. *The size of the boxes in the graphic below shows the issues that were mentioned most often.*

Executives have a lot to do, quickly. They are under a great deal of pressure to make things happen, with only so much cash at their disposal. The main issues are talent and finance. Marketing and business development are the next biggest challenges, driven by the need to create revenue streams as quickly as possible. Over a quarter of executives said it takes less than six months to choose a new international location from an initial long list to the final decision; speed is a critical factor.



MCJ Lemagnen Associates 2019

Study partners



This study has been funded by partners in seven locations. The analysis, however, is global in its coverage and the reporting is independent of any location or government.

To view and download profiles of the partners, please visit the study website:

<https://www.locationessentials.com/unicorn-report/sponsors/>



More information

This summary contains just a few of the findings from the full report which can be purchased from MCJ Lemagnen Associates Ltd. The report includes much more detail on:

- Current, past and potential Unicorn companies, including number, location, jobs, age
- Location decision factors and challenges
- Industry sector breakdown
- Analysis of cross-border investments and top investors
- Priority regions for future expansion
- Implications and opportunities

Visit the study website to express your interest in buying the report or to participate in a future MCJ Lemagnen study:
<https://www.locationessentials.com/unicorn-report/report-download/>

About MCJ Lemagnen Associates: www.mcjlemagnen.com

Call +44 (0)1553 828174

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