



**ARCAP**



FIRST SEMESTER 2021

**Research Study of the  
Private Equity, Venture  
Capital and Seed Capital  
Industry in Argentina**

SUPPORTED BY **Microsoft for Startups**



# Index

ABOUT OUR SPONSOR

OVERVIEW OF THE VENTURE  
CAPITAL INDUSTRY

INTRODUCTION

CORPORATE VENTURE CAPITAL

METHODOLOGY

SEED CAPITAL

EXECUTIVE SUMMARY

VENTURE CAPITAL

OVERVIEW OF THE PRIVATE  
INVESTMENT INDUSTRY

PROFILE OF INVESTED  
COMPANIES

PRIVATE EQUITY

GENDER APPROACH

**ARCAP**



**This is a navigable index.**  
**Click** on the number to  
jump to the chapter.



# 1

## About our sponsor

### Microsoft for Startups

Microsoft for Startups is a program created to help startups accelerate their growth by providing them with access to customers, technology, support and technical communities. Our goal is to grow together and we support ARCAP (Asociación Argentina de Capital Privado, Emprendedor y Semilla) to work with the investment funds to add value to their portfolio and expand the ecosystem.

*“We’re at a point where starting a startup is much more accessible than it was before. With more platform access, connectivity, and higher user rate, in this context the main challenge for a startup is to scale your business. And that’s where Microsoft for Startups seeks to add value. The solutions we provide address two challenges such as access to customers and technical specialists. Our goal is to work with startups taking advantage of our advantages: global scale, customer relationships, access to technical experts, an extensive sales team and their partner ecosystem,”* explained Mariano Amartino, Managing Director of Microsoft for Startups Americas.

*“Microsoft used to scare start-ups but is now an ‘outstandingly good partner’”.*  
*Ben Horowitz, Founder and GP Andreessen Horowitz*



After listening to the needs of the entrepreneurial community we focus on three pillars:

**Connection with local communities:** Through networking spaces, exchanging ideas and access to technological and business resources, which are vital for innovation.

*“Both in Argentina and Latin America we are observing a record in the number of transactions and stages of investment in technology startups. For those entrepreneurs, their regional, if not global, projection is often only possible with strategic partners such as Microsoft for Startup.” Diego González Bravo, Vice President Venture Capital, ARCAP.*

**Access to Fortune 500 customers:** one of the main needs of B2B founders and investors is to connect with new customers. By leveraging the Microsoft Commercial Marketplace they can access new markets and customer segments, providing them with access to the partner and sellers ecosystem, as well as new and more agile sales channels.

*“Working with Microsoft for Startups gives us access to high-level technology experts, but above all it guides us to engage with an ideal strategic partner to grow in market access and accounts in an accelerated way.” Emiliano Kargieman, Founder and CEO - Satellogic*

**Access to the cloud and tools:** We provide access to Azure through credits, and we made Azure the most open cloud so businesses can use the tools and languages of their choice. We also integrate GitHub, PowerPlatform and Microsoft365 into the startup program.

*“The program helps us at various levels, mainly with credits for the use of Azure, which is key to a startup’s growth strategy, especially in the early years. Also, with the possibility of exhibiting our solution to customers through events and activities with the sales force”. Gustavo Capart, CEO & Co-Founder Inceptia.*

*For more information:*  
<https://startups.microsoft.com/en-us/>





# 2

## Introduction

This report is based on a survey of the number and amount of investments that were made on startups through rounds of Seed Capital and Venture Capital in the first semester of 2021 in Argentina. Private Equity transactions are also surveyed, but none were detected during this period.

As of last year, ARCAP began gathering information about companies which receive this kind of investment with the aim of building a profile in relation to gender and geographical location. Having a diagnosis of these variables is the first step towards one of our objectives: to build a more inclusive, diverse and federal industry.

The profile of the companies that received investment presented in this report also includes a disaggregation of the inversions by sector and target customer. The high percentage of startups which aim at providing services to

other companies supports the idea that new technologies and the more traditional and/or productive sector do not exclude each other, but may rather produce synergy.

The results displayed in this report are highly positive. Just like the first year of the pandemic, despite the hard and challenging situation the world is going through, the Seed Capital and Venture Capital continue to be active and dynamic. The most tangible evidence for this is that the period analyzed in this report showed a record in the amount of transactions both in Venture Capital and in Seed Capital.

The good performance in 2020 and in this semester, periods of global uncertainty, reaffirms that the Venture Capital Industry in Argentina is at a significant level of maturity thanks to the effort of multiple parties who have been part of the development of this sector for a decade.





# 3

## Methodology

During July 2021, **ARCAP**, together with **EY Argentina** and **OLFE**, sent a survey to Fund Managers, requesting information about the capital commitments and investments carried out during the first semester of 2021.

After the information collection period, the data was processed and the results displayed in this report were consolidated. Through complementary sources of information additional transactions were identified including those carried out by foreign Fund Managers. Integrating these sources of information allows for a more complete overview of the activity in Argentina in the period under analysis.

It is important to make three clarifications in relation with the interpretation and visualization of the data presented:

- The information surveyed is annualized from 2016 to 2020. The first semester of 2021 is compared to the same period in 2018, 2019 and 2020 with the purpose of considering the possible seasonal variations in the industry.
- In the case of Venture Capital, this report considers investments made in startups founded in Argentina, even when the financing rounds they close are used to begin or deepen their internationalization processes.
- Each investment reported by a fund manager is considered a transaction. In some cases, there is more than one transaction in the same company, but companies are not repeated when analyzing gender indicators, type of company, location and vertical.



It is also important to mention the distinction of the verticals that is applied in Argentina:



**Seed Capital:**

Investments made by fund managers in Pre-Series A rounds, generally under USD 1 million.



**Venture Capital (VC)**

Investments made by fund managers in Series A rounds which in Argentina are usually over USD 1 million.



**Private Equity**

Investments by fund managers in mature companies in which there is usually a majority of interest.

It is not unusual to talk about **Venture Capital as an industry, where the Venture Capital and Seed Capital are grouped**, as well as talking about the Private Investment Industry which includes the three verticals (Seed, Venture and Private Equity.)

**Private Investment Industry**



**VERTICAL**  
**Seed Capital**




**VERTICAL**  
**Venture Capital**



**VERTICAL**  
**Private Equity**

**Venture Capital Industry**

# 1st SEMESTER 2021

A total of  
 **45**  
TRANSACTIONS

were registered between Seed Capital and Venture Capital. This represents a slight increase in relation to the previous year. There were no operations in Private Equity.

The total amount of the transactions made during this semester is of  
 **USD 210.7**  
MILLION

which is **five times more** than the investments in the same period the previous year.

## SEED CAPITAL



**27 transactions**  
(represent **60%** of the transactions of the period)  
**USD 9.8 million**  
(represent **4.6%** of the investment in the period)

This stage is the **best first semester** out of the four years of which ARCAP has data in.

## VENTURE CAPITAL



**18 transactions**  
(represent **40%** of the transaction of the period)  
**USD 201 million**  
(represent **96.4%** of the investment in the period)

As with Seed Capital, this is the best first semester out of the five years of which ARCAP has data in.



**13.3%**  
OF THE  
INVESTMENTS

made were carried out by a Corporate Fund Manager (CVC)



The total amount invested by these kinds of managers was of  
**USD 2 million**



THE VERTICALS WITH  
MORE TRANSACTIONS IN

## Seed Capital

BioTech (30%)  
Enterprise Software & Services (20%)  
AgTech (10%)  
FinTech (10%).



THE VERTICALS WITH  
MORE TRANSACTIONS IN

## Venture Capital

BioTech (23%)  
FinTech (23%)  
AgTech (15%)

Companies which received investments in  
the first semester of 2021



**67%**  
ARE IN BUENOS  
AIRES CITY

12% in Córdoba  
9% in Mendoza  
6% in Santa Fe

Companies which received financing  
in the first semester of 2021



**73%**  
**B2B**



**27%**  
**B2C**



From the companies that were invested by  
Seed Capital Managers in this period

**6% have a  
woman as a CEO**

From the entrepreneurs who founded  
companies that received investments in the  
first semester

**11% are women**

THESE COMPANIES WERE FOUNDED

**18%**  
by a mixed  
team

**3%**  
by an only-  
women team

**79%**  
by an only-  
men team

# 5

## Overview of the Private Investment Industry in Argentina

### (Private Equity + Venture Capital)

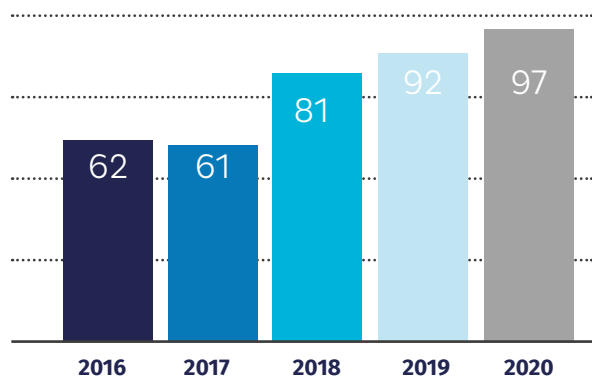
This section presents, in aggregate, the evolution in amount and number of transactions in **Private Equity, Venture Capital and Seed Capital** carried out since ARCAP began surveying this data.

It includes the annual evolution from **2016 to 2020** and the semestral comparison between the first semesters of 2018, 2019, 2020 and 2021.

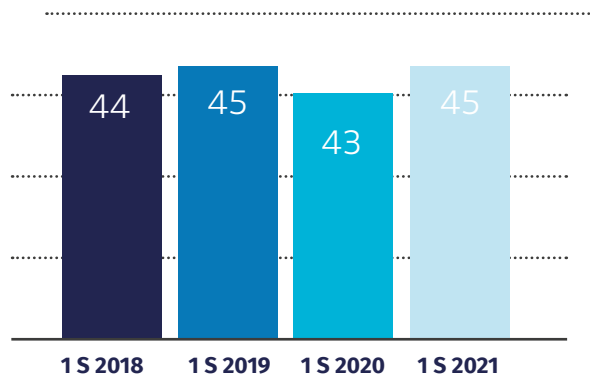
It is worth noting that the transactions of the period **under analysis are from Venture Capital and Seed Capital**. No transactions from Private Equity were identified during this first semester.

### Number of transactions Private Equity, Venture and Seed Capital

#### Annual evolution



#### Semestral evolution



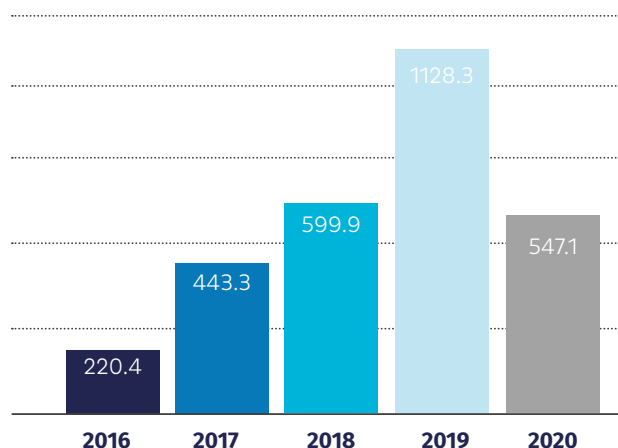
Even though, year after year, **the number of total transactions increased continuously**, the number of transactions in the first semester remained almost constant in the last four years. **This period shows a slight increase in relation to the previous year.**



## Amount invested in USD million

### Private Equity, Venture Capital and Seed Capital

#### Annual evolution

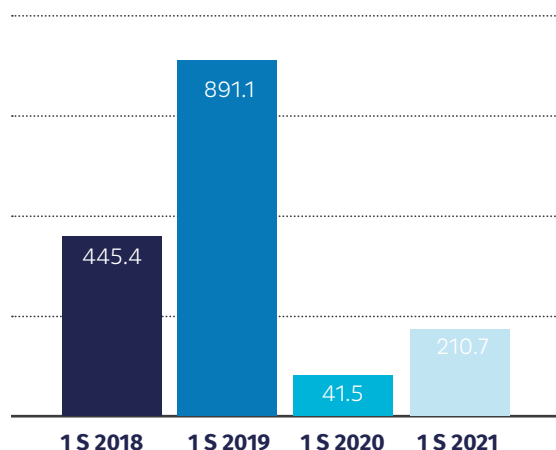


In terms of amount, **2020 was similar to 2018, but fairly below 2019**. This is because in 2019 **there were extraordinary Venture Capital transactions** —5 transactions represented 93% of the investment at this stage. Furthermore, there was a significant operation in Private Equity: the investment in that single transaction (USD 750 million) was almost four times the investment in 2020 in that same sector in two transactions (USD 200 million).

**In relation to the first semester, the amount invested this year is five times more than that of the same period the previous year.**

The fact that the first semester of 2020 was so low in relation to this one, and even lower, in relation to the previous-

#### Semestral evolution



ly analyzed semesters is partly explained by the beginning of the pandemic. **During the second semester of 2020 investors prioritized the support to companies in their portfolio over new investments.**

The great difference observed in the first semester of 2019 is explained by the **Private Equity transaction that represented 81% of the investment in that span of time**. On the contrary, as previously mentioned, the period analyzed in this report showed no Private Equity transactions.

**This implies that the first six months of 2021 were the best first semester in Venture Capital for which there is record.**

**In summary, during the first semester of 2021, there were detected the following investments:**



**VERTICAL**  
**Seed Capital**  
USD **9.8** million  
in **27** transactions



**VERTICAL**  
**Venture Capital**  
USD **201** million  
in **18** transactions



**VERTICAL**  
**Private Equity**  
USD **0**  
no detected transactions

# 6

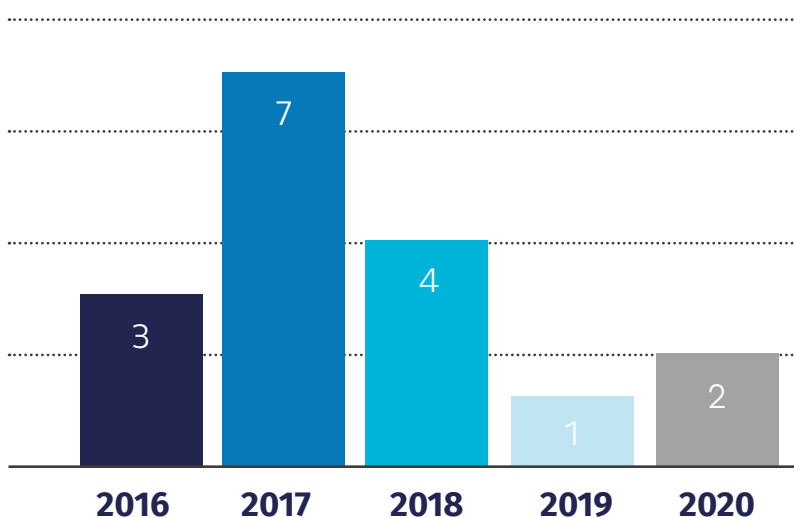
## Private Equity

The fund managers that invest in **Private Equity** provide temporal (3-10 years) **financial resources** in exchange of participation in unlisted companies which have greater perspectives for development and which, in contrast with companies invested by Seed Capital and Venture Capital, have a longer track and are more established in the market.

The volume of the amount invested also exceeds increasingly the volumes handled in investments on projects which focus on Seed Capital and Venture Capital.

### Number of transactions in Argentina Private Equity

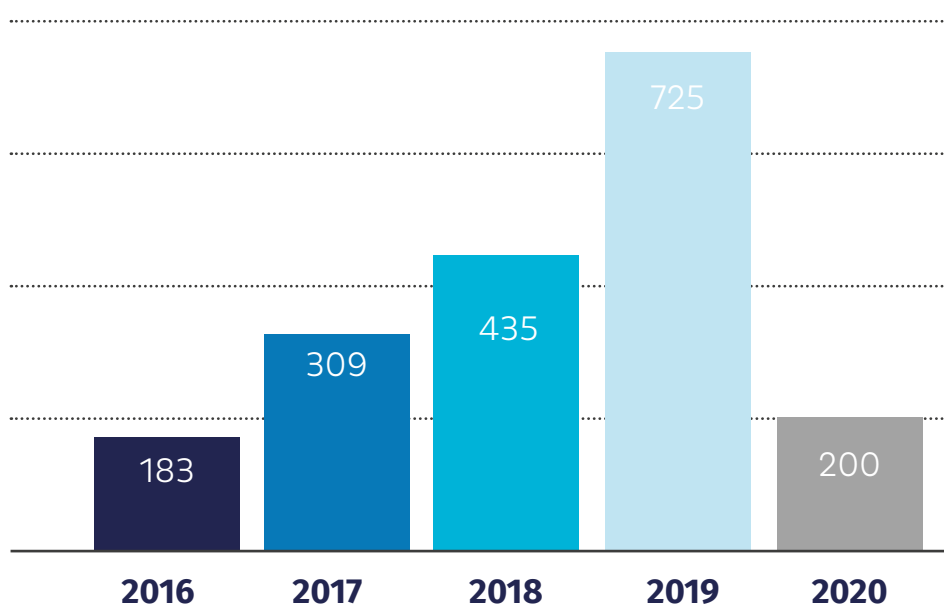
Annual evolution



## Amount of transactions in Argentina in USD million

### Private Equity

Annual evolution



Although the number of transactions increased from 1 to 2 in relation to the previous year, the amount decreased due to the extraordinary size of the operation carried out in 2019 (USD 725 million). During the first semester of 2021 no operations were registered.

# 7

## Overview of the Venture Capital Industry

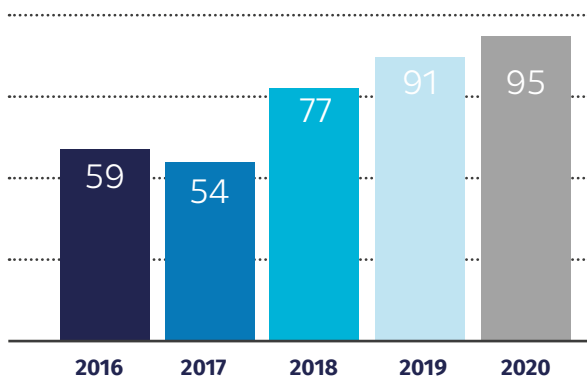
The term Venture Capital industry is used as a general label that considers **the sum of transactions of Seed Capital and Venture Capital**. This section shows the aggregated number of both stages. The following sections will be **displayed as disaggregated**. This section will also show the proportion of the **investments carried out by Fund Managers of**

**Corporate Venture Capital (CVC)**.

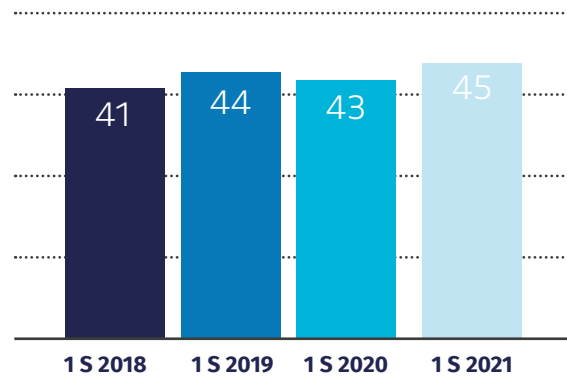
The most relevant conclusion is that, both the number and -specially- the amount of transactions in the first semester of 2021 broke the record.

### Number of transactions Venture Capital Industry

#### Annual evolution



#### Semestral evolution



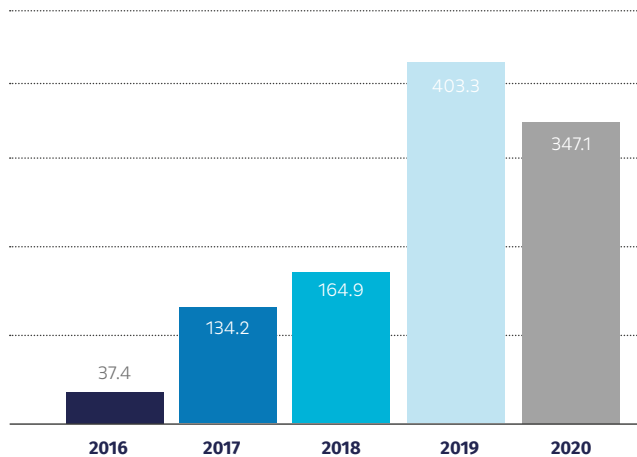
In 2020 **there was a record in Seed Capital and Venture Capital transactions**. Both verticals added up to 95. The first semester is auspicious, it is the best of which there is record.



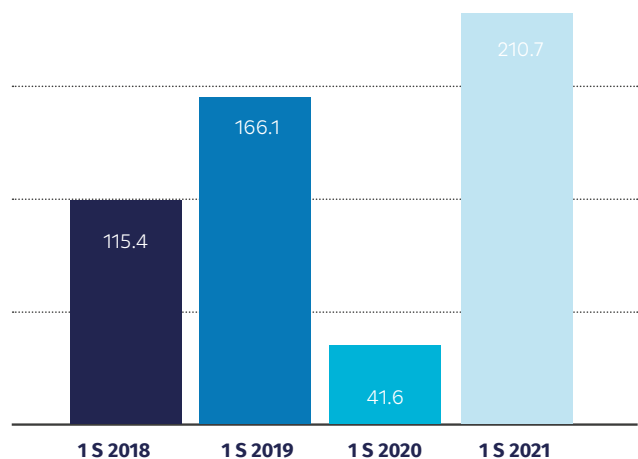
## Amount invested in USD million

### Venture Capital Industry

Annual evolution



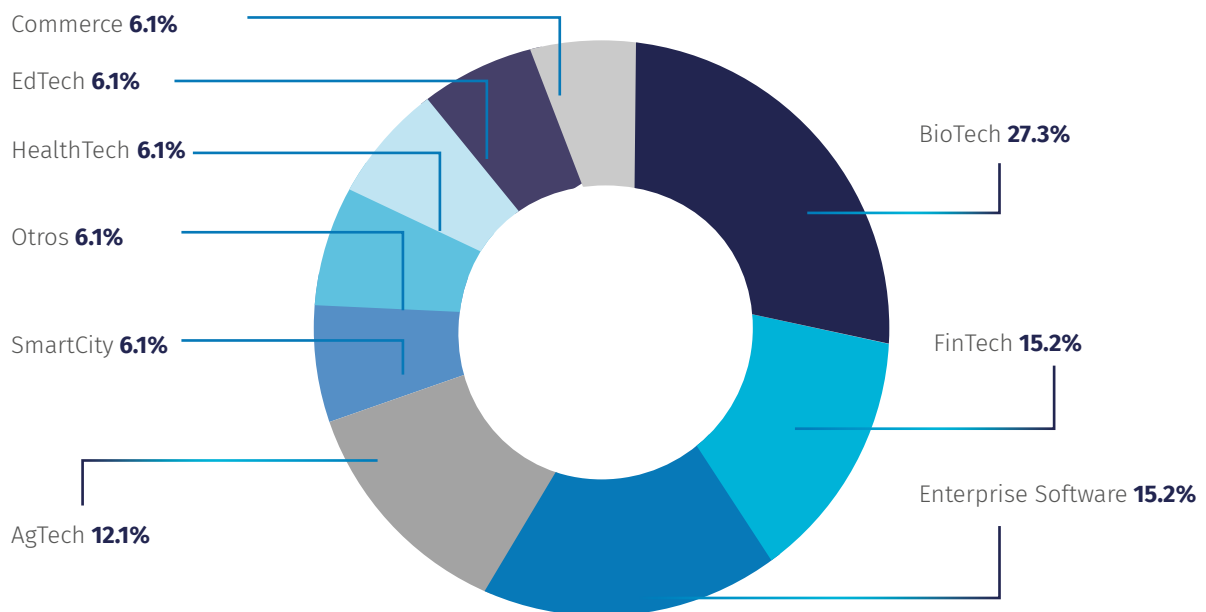
Semestral evolution



## Investment by vertical

### in number of transaction

### Venture Capital Industry



# 7.a

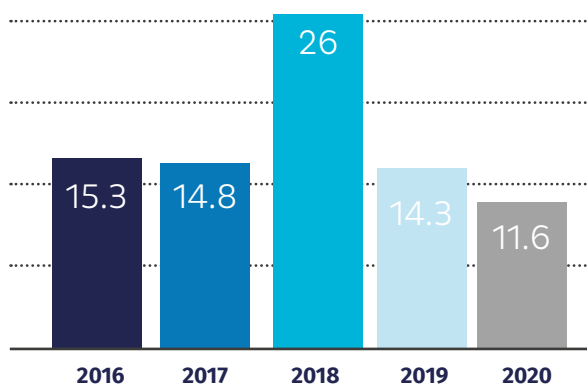
## Corporate Venture Capital (CVC)

Corporate Venture Capital is a **vehicle** used by companies to invest on other dynamic projects (startups) that are growing.

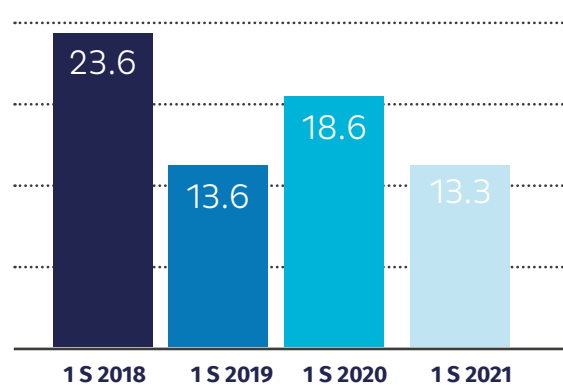
### Participation of CVC in the total number of transactions

#### Venture Capital and Seed Capital

Annual evolution  
IN (%)



Semestral evolution  
IN (%)



# 7.b

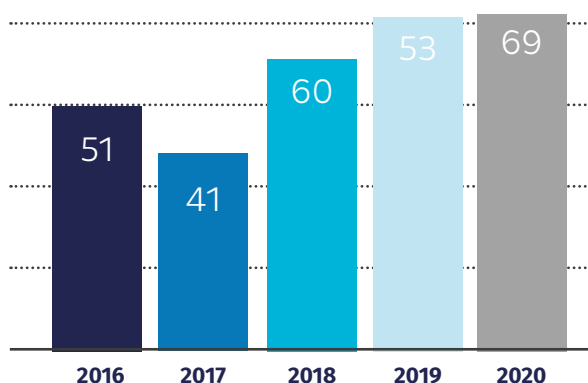
## Seed Capital

Transactions in **Seed Capital** are operations in which generally managers invest from USD 25 thousand up to USD 1 million. It is a funding round that allows the startups to come out to the market and test/validate client response and in some cases expand on a national level.

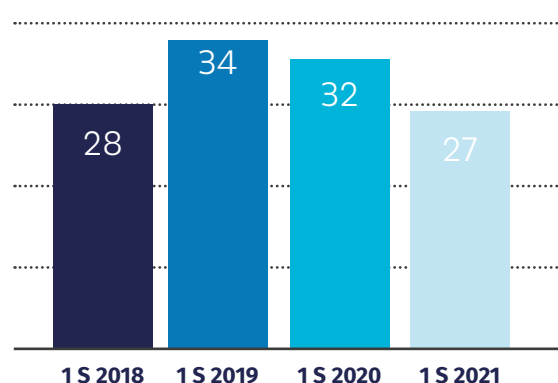
The surveys conducted by ARCAP do not include individual angel investors, they collect information of seed rounds when professional managers are involved.

### Number of transactions Seed Capital

Annual evolution



Semestral evolution

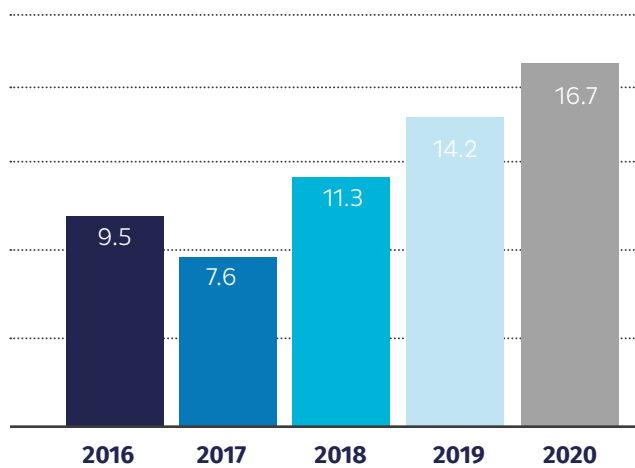


The current semester shows a slight decrease of the number of transactions of Seed Capital (-15.6%), but, as displayed next, the total amount invested increased.

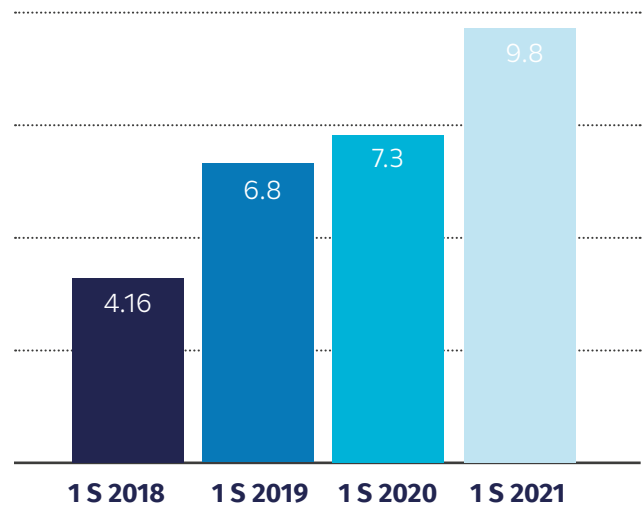
## Amount invested in USD million

### Seed Capital

Annual evolution



Semestral evolution

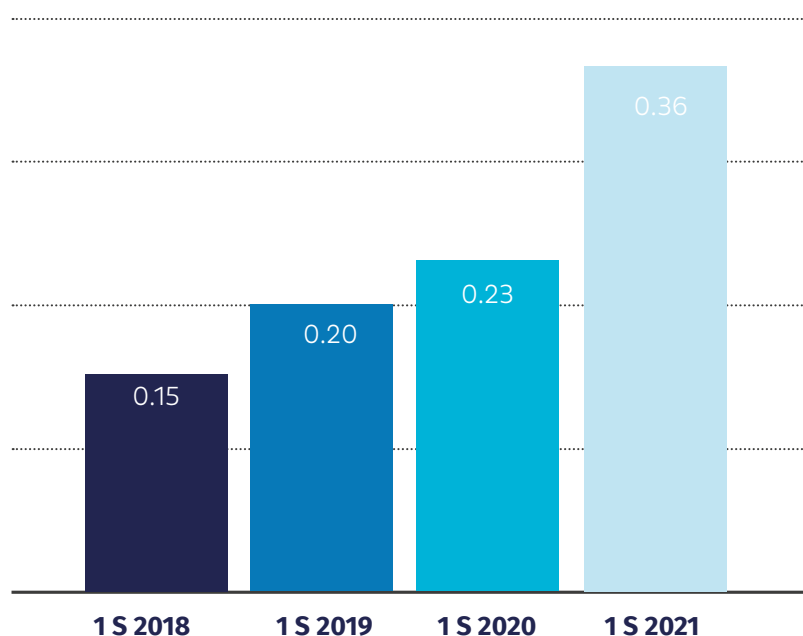


As previously mentioned, although there was a decrease in the number of transactions, the first semester of 2021 saw an **increase in the amount invested**. This means that, as displayed in the following graphic, transactions in the industry are, on average, larger.



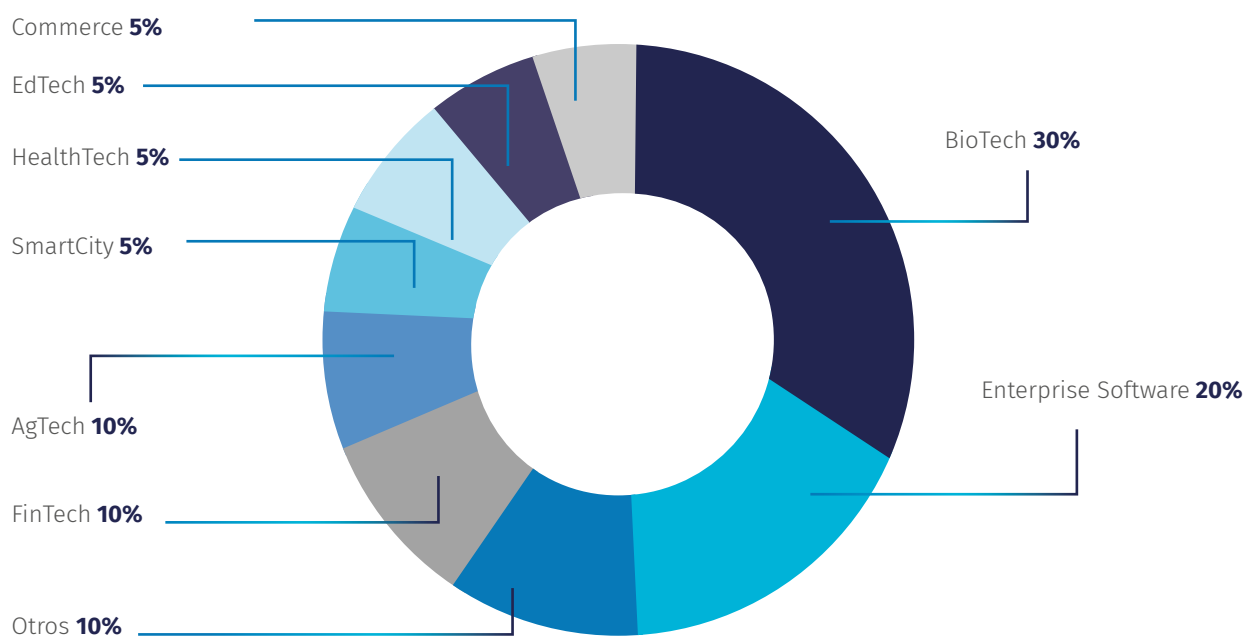
## Average amount of transactions in USD millions

### Seed Capital



## Investments by vertical in number of transactions

### Seed Capital



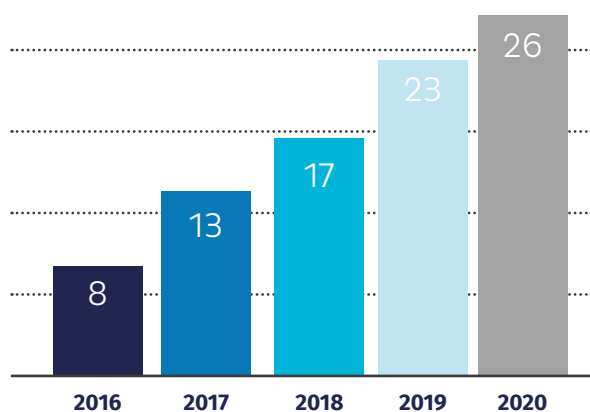
# 7.c

## Venture Capital

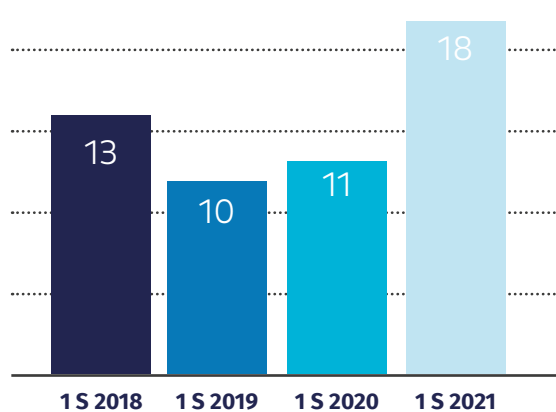
In Argentina, generally, investments that are considered **Venture Capital** are those of over USD 1 million. Venture Capital Managers validate the market traction and invest capital that enables scalability.

### Number of transaction Venture Capital

Annual evolution



Semestral evolution

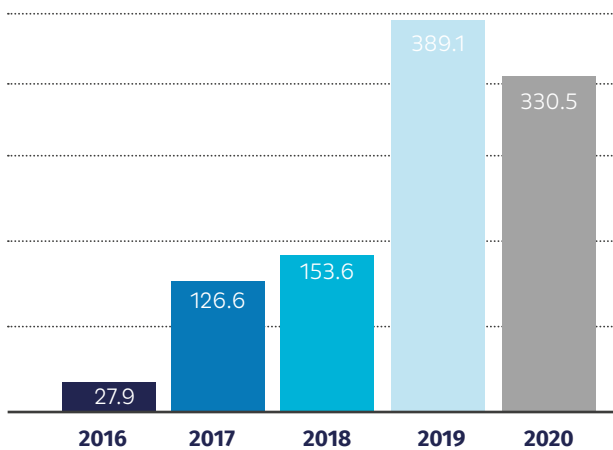


The number of transactions has been increasing constantly since 2016, but this semester also **presents a 63.6% increase in relation to the same period last year** and it is the semester with the most transactions of all that have been surveyed until now.

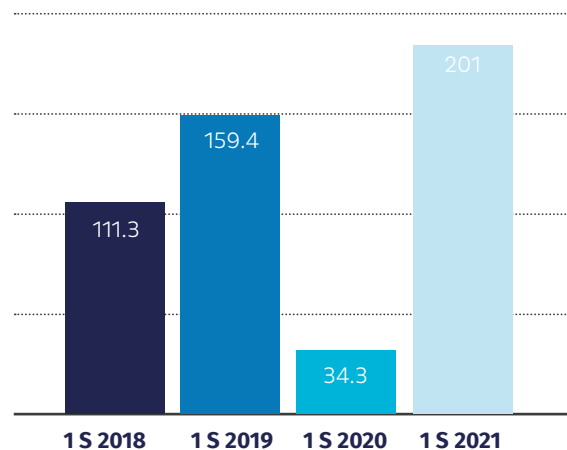
## Amount invested in USD million

### Venture Capital

#### Annual evolution



#### Semestral evolution

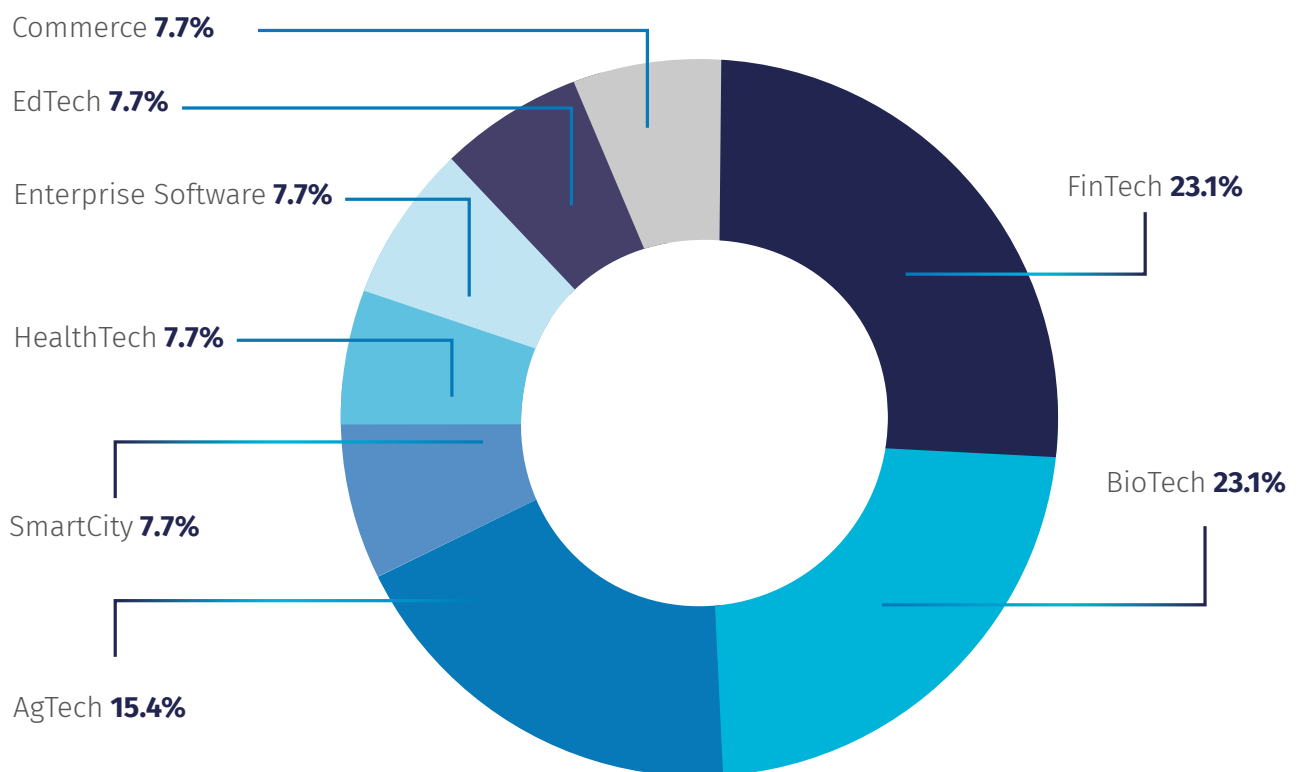


The amount invested in Venture Capital had been continuously increasing since 2016 with a slight decrease in 2020 in relation to the previous year which is probably linked to the outbreak of the pandemic.

The semestral graphic displays not only a significant increase in relation to the same period the previous year, but also that the first six months of 2021 were the best first semester surveyed until now. This shows the strengthening of the sector, not only in number of transactions, but also in their amount.

# Investments by vertical

in number of transactions  
Venture capital





# 7.d

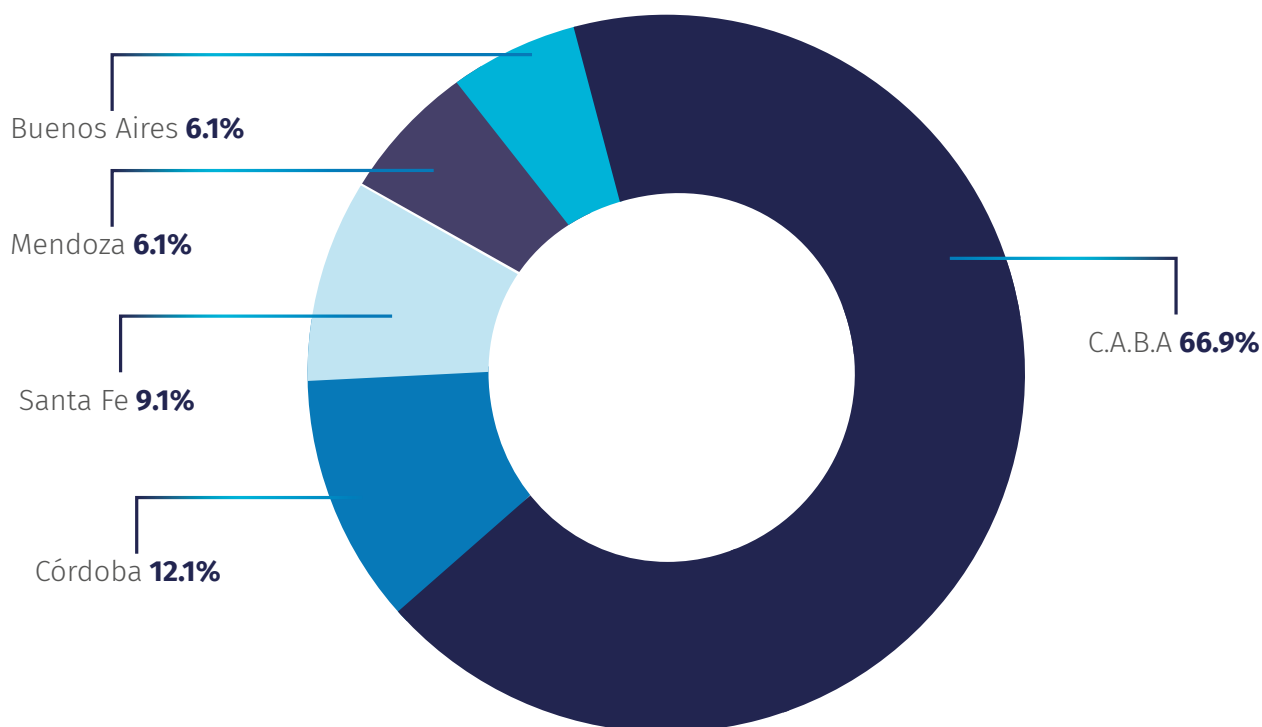
## Profile of Invested Companies

First semester of 2021

This section presents the profile of the startups that were invested in this semester. ARCAP began surveying these indicators in 2019 and the following reports will start to show the long term evolution.

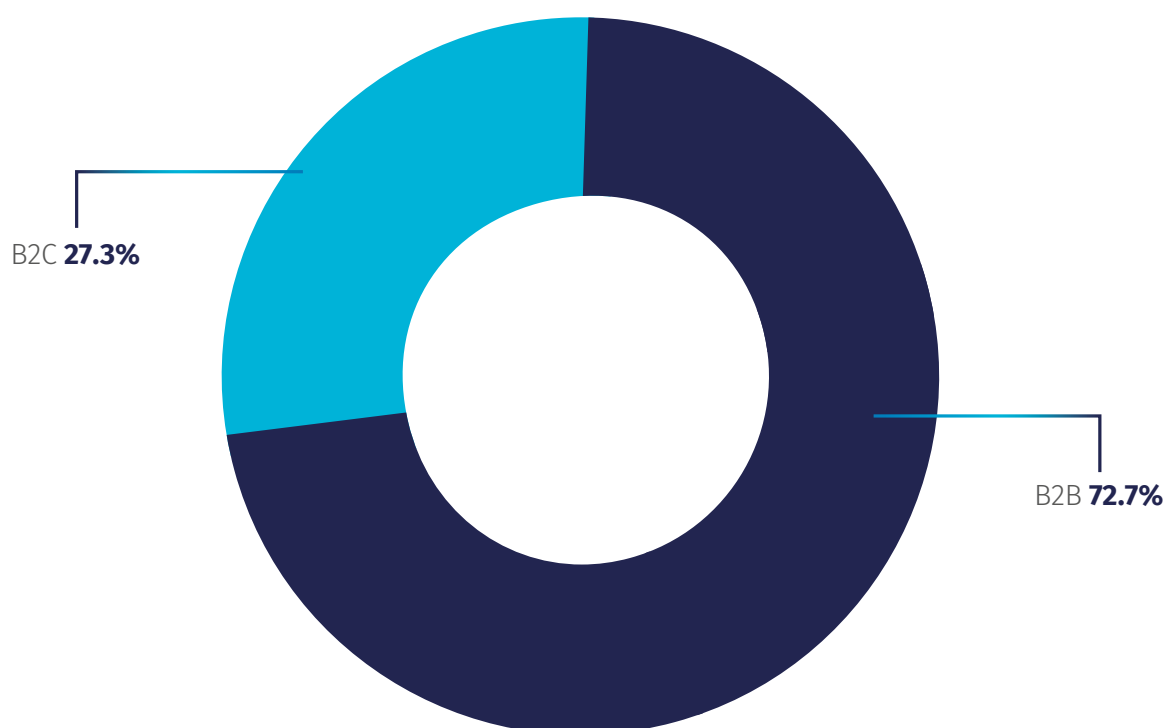
### Geographical localization of the startups that received Venture or Seed Capital

First semester 2021



One of the objectives of ARCAP is to collaborate in the development of a more diverse, federal and inclusive industry. Presenting an image that shows the localization of the companies that received Venture Capital and Seed Capital investment serves as a starting point to begin working for an industry that covers increasingly more territorial extension.

## Target customer of the companies that received financing First semester 2021



**B2B**

*(BUSINESS TO BUSINESS)*

**They are those companies that provide services to other companies.** These kinds of startups can boost the more traditional economy and synergy between both sectors can be created through them.



**B2C**

*(BUSINESS TO CONSUMERS)*

**They are those companies that make a product or offer a service for the final consumer** and bring technological advances directly to people's daily life.

# 7.e

## Gender Approach

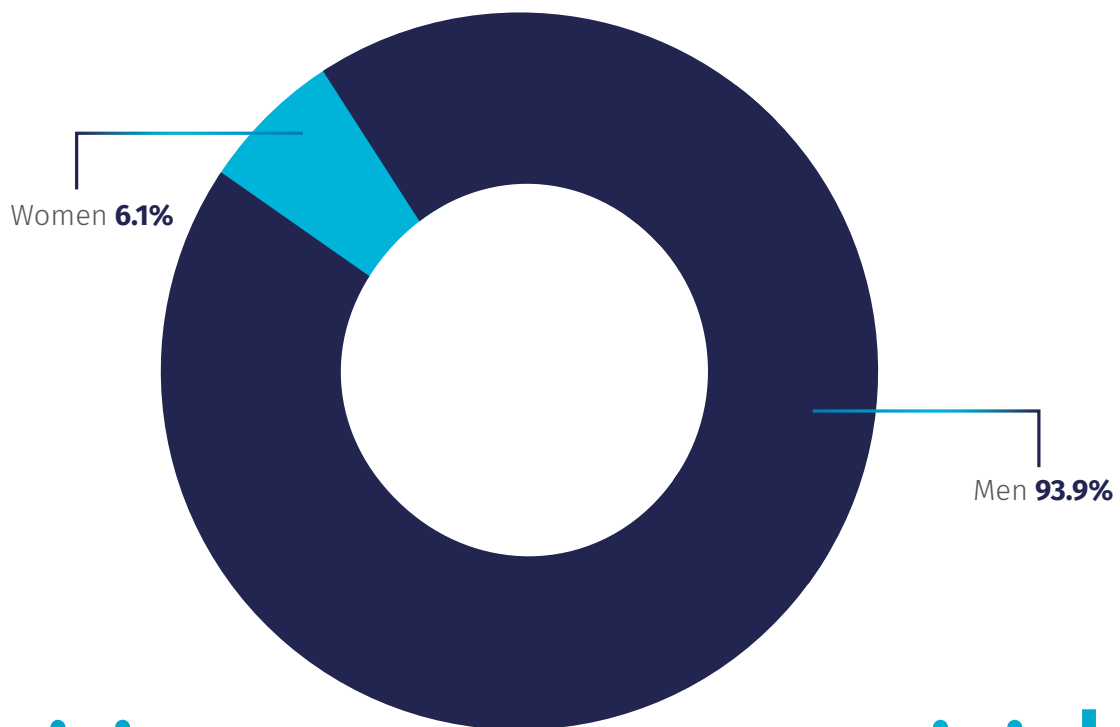
In 2019 ARCAP produced a report that showed the gender indicators in the industry -both in the companies financed and in the Fund Managers- for the period between 2016 and 2019. Last year, the figures for 2020 were also surveyed.

By the end of the year the data will be added to-

gether for 2021 and the interannual evolution will be shown.

**This section seeks to show an image of the invested companies during the first semester of 2021 in terms of gender diversity.**

### Gender of the CEO of the invested startups First semester 2021



**Of the startups that received financing in the first semester of 2021, 6.1% have a woman as a CEO.** This number is below the first semester of 2020 (8.6%) and is also lower than the average of women participation seen between 2016 and 2020.

## Gender of the entrepreneurs of the invested startups First semester 2021

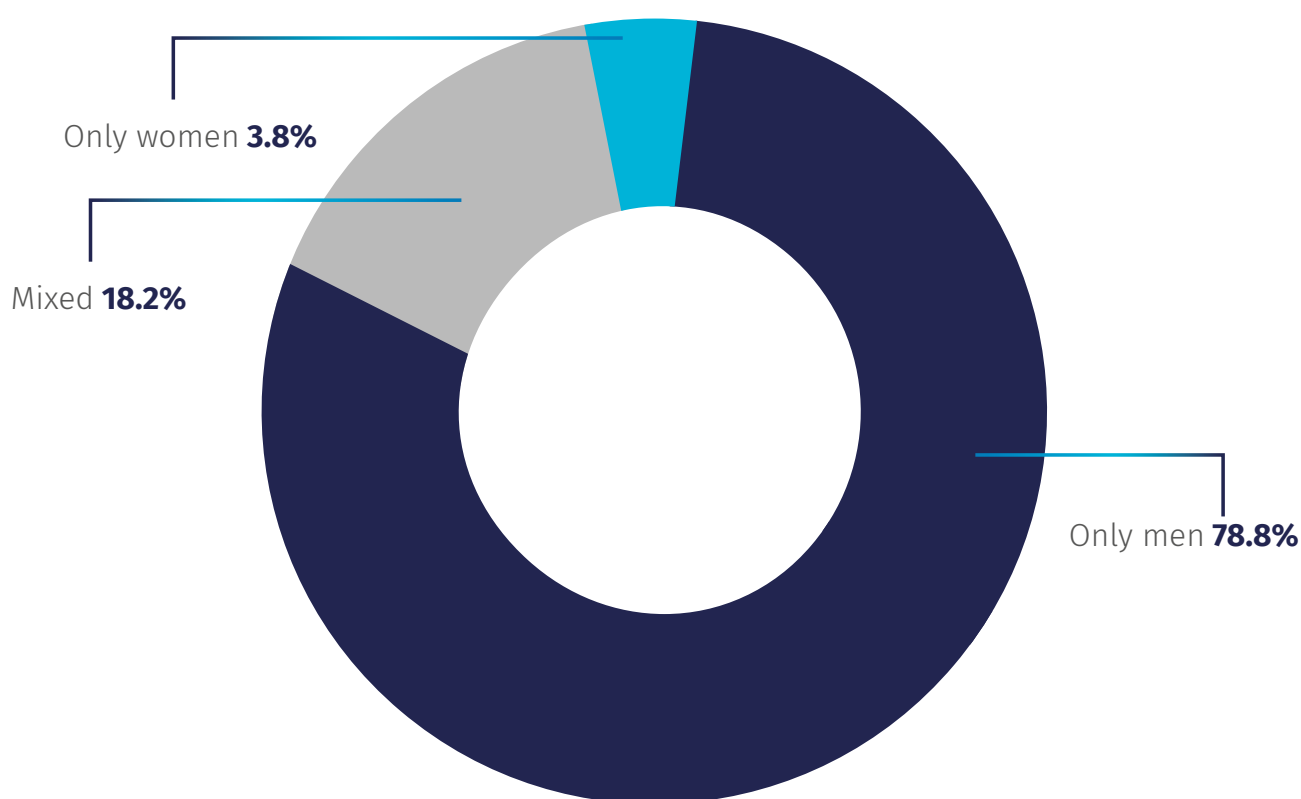


This graphic emerges from **the sum of all entrepreneurs that funded companies which received Venture and Seed Capital investment in the first semester of 2021 and their differentiation by gender.**

The proportion of companies financed in the first semester of 2021 with women founders was lower than the first semester of 2020 (13.8%) but higher than the proportion seen between 2016 and 2019.

## Gender composition of the funded team of the startups invested

### First semester 2021



This graphic shows the composition by gender of the teams of the startups that received financing in the first semester of 2021. **The proportions are similar to those observed in the first semester of the previous year and there is a higher presence of women in the projects financed in 2016-2019.**



# ARCAP

SUPPORTED BY Microsoft for Startups