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Private Equity-Venture Capital Investment Trends

A Focus on SMEs

December 2024

PE & VC Firms Investment Trends [1]: Empowering SMEs

Global PE Market Size

2023: USD 492.8 Bn

2033: USD 1,246.1 Bn

CAGR: 9.7%

In **2023**, Global PE/ VC investments in SMEs were estimated to exceed **USD 200 Bn**, with SMEs accounting for **~40%** of the total number of deals of PE/ VC Firms.

Market Drivers

Favorable **Government Policies** & **Initiatives**

Niche markets with significant growth & **market expansion** opportunities

Focus Sectors

- Information & Communication Technology
- Financial Services
- Healthcare
- Consumer Goods & Retail

Regional Performance

Reported in 2023, **~85% of 18.4 K** of PE-backed businesses were small

In 2023, **8.4 K companies** received PE investment, **85%** of which were SMEs

In 2023, **4.8 K companies** received a VC investment, **99%** of which were SMEs

Sources:: Precedenceresearch, Techsciresearch, Econstor, Bain, Europa.EU, McKinsey, EY, OECD, Invest Europe-1, Invest Europe - 2, Investment Council, Deutsche Beteiligungs

PE & VC Firms Investment Trends [2]: Emphasis on AI-focused Technology-Driven SMEs

In **H1 2024**, PE firms committed to **triple** their investment in **AI & ML** from last year, committing **~USD 17 Bn.**

AI represented a larger share of VC's total investments, increasing to **one (1) out of every five (5)** in **early 2024** versus **one (1) out of every 10** in **early 2023**.

S&P Global

Market Drivers for Tech Startups

Demand for personalization across industries like **healthcare and e-commerce**.

Rise in demand for **cloud computing, cybersecurity, and collaboration tech**.

Regional Performance in AI

As of May 2024, the US VC investments in AI reached **USD 290 Bn** over the past five (5) years, with AI projected to boost GDP by **0.5% to 1.5% annually**, adding **USD 1.2 Tn to USD 3.8 Tn** in the next decade.

As of May 2024, **Europe** has recorded **22** AI VC deals year-to-date, raising **~USD 2.3 Bn**, compared to an estimated **USD 2.9 Bn** for the entirety of 2023.

Reported in 2024, PwC predicts that **China** will achieve the largest economic gains from AI, with a **26% GDP** boost by 2030.

Industry Developments

Yali Capital launched its **USD 97.6 Mn** Yali Deep Tech Fund-I, to support and scale up early-stage tech startups, in the fields of **fabless chip design, robotics, aerospace and defense, manufacturing, genomics/ life sciences,** and **AI/ Gen AI**, across India.

July 2024

Andreessen Horowitz raised **USD 7.2 Bn** to invest in tech startups, **including those in the AI sector**, allocating **~USD 1.3 Bn** to infrastructure companies and **USD 1 Bn** to **application startups,** across the US.

Apr 2024

AIX Ventures raised funds of **USD 202 Mn** to invest in early-stage AI companies, such as **HuggingFace, You.com, Weights & Biases, Perplexity,** and **Chroma** focusing on **AI applications and infrastructure,** across the US and Europe.

Feb 2024

Sources: OECD, EY, World Economic Forum, Rothschild&Co, PwC, Business World, AIX Ventures, Pymnts, Boyden

PE & VC Firms Investment Trends [3]: SMEs Continue to Play a Pivotal Role in Global Job Creation

Over the past few years, SMEs have acted as a backbone of the global economy, accounting for **90%** of the private sector worldwide and generating over **70%** of employment.

By **2030**, **600 Mn** jobs will be needed to accommodate the growing global workforce, making SME development a key focus for governments. In emerging markets, SMEs generate **seven (7) out of 10** formal jobs.

Regional Performance

As reported in **2024**, the European SME sector employed **~1 Mn people** in **~20,000** PE-backed SMEs at the end of **2022**

In **2022**, the median PE-backed U.S. company had 69 employees, **85%** of which were small businesses. These small businesses collectively employed **1.4 Mn workers**

A **2022** report highlighted that MSMEs contribute **~97% of enterprises** in Asia, employing **~67% of the workforce**

Sectoral Performance

✓ **Leading SME sectors for European PE-backed employment *(2022)*:**

Information & Communication Technology *(ICT)*

Employees: **~350,000** *(~37% of the total SME workforce)*
SMEs: **~8,140 companies**

Consumer Goods & Services

Employees: **~165,000** *(~18% of the total SME workforce)*
SMEs: **~3,280**

✓ **Leading SME sectors for the US PE-backed employment *(2022)*:**

Business Services

Employees: **476,000** *(35% of the total SME workforce)*

Manufacturing

Employees: **265,000** *(19% of the total SME workforce)*

Sources: United Nations, Brightmore Capital, World bank, BCG, Invest Europe, Invest Europe - 2, Asia Productivity Organization, EY

STATXO

About STATXO

STATXO is a global firm specializing in Strategic Intelligence & Advisory, Procurement & Supply Chain Transformation, Process Optimization, & Advanced Analytics with expertise in transforming data into forward-looking actionable insights and empowering companies to make smarter & proactive decisions.

Our approach, driven by domain expertise + data science + AI/ ML/ Gen AI, has successfully enabled various businesses to mitigate challenges, leverage their growth potential, outperform competitors, and significantly reduce costs.

We support a range of corporate & professional services companies – from Fortune 500 to high-potential start-ups across various industry verticals, such as, Energy, Consumer Goods & Retail, Healthcare & Life Sciences, Automotive, Design & Construction, Management Consulting, PE & VC, Industrial Goods, Travel, Chemicals, and others.

We are helping Clients to do the Right Thing, at the Right Time.

Make Smart Decisions Faster

Drive Efficiency & Reduce Cost

Gain Competitive Edge

Achieve Tangible Results

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