



Tech Talk

French Blablacar is a Unicorn! ©

by Max Farrington

France officially has a Unicorn! And no we're not talking about the mythological beast that all little girls dream of, but of a start-up company whose valuation has exceeded \$1 billion. Blablacar, the French leader in car sharing is part of the new "sharing economy" that has been thriving these past few years.

Before we can understand this subject, let's clarify a few things. A start-up is a new business based on the following: innovation, newly created, strong growth and venture capital. As these businesses grow they are valued at a certain price and when it exceeds \$1 billion it is called a Unicorn. When it exceeds \$10 billion it is considered a Decacorn, for example, AirBnB, Uber and Snapchat. As of today there are around 130 Unicorns of which there are 9 Decacorns. They are mainly located in Silicon Valley, their original and friendliest ecosystem.

Back to this first French company that has surpassed the \$1 billion point. Created back in 2006, the company claims to have 20 million users in 19 different countries on 3 different continents. Blablacar is a website and app where a driver/supplier can advertise a car journey from A to B; a customer with the same journey requirement can buy a cheap seat from the driver. It is called car sharing and it is much cheaper than the train, TGVs or plane tickets, which explains the success of the concept. But how does a start up gather the money necessary to be valued more than \$1 billion?

To increase its valuation a startup must do investment rounds, which consists of going around venture capital companies to try and persuade investors (sometimes called super angels) that they are a good bet. Once again Super Angels are not biblical beings, but just serial investors that are able to provide substantial quantities of money. In the last "round" Blablacar managed to raise \$200 million allowing the company to enter this special club.

The car sharing company did not stop there. The money was mainly collected by the two American investment funds: Insight Venture Partners and Lead Edge Capital. They invested in the Blablacar project because of its international ambitions. The main market is in North America around the Bos-Wash megalopolis where there are frequent trips between both cities. Currently, no similar service is proposed and for that reason the company should enjoy huge growth if it all works out.

The success story of this company has encouraged many other sharing economy concepts for example "JeLoueMonCampingCar" which manages the lending or borrowing of other peoples camping cars when the owners are not using them. Another is "Bricolib" a website which lets you borrow tools like hammers, screwdrivers and more sophisticated, specialized tools that you would only use once so therefore, you would rather not buy.

This new type of economy allows the avoidance of many taxes. As you lend products or services you are not actually buying them. Blablacar for example, competes with the SNCF in the travelling sector. Competition the SNCF is not used to because it has always enjoyed a monopoly on the French railways. SNCF even opened its own car sharing website to try and take advantage of this new form of economy, which will continue to grow fast in these tough economic times.

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