

Smart cities Dream or dystopia? Startups will have a big say on this

Market 101

Once confined to science fiction novels or the minds of bored billionaires, smart cities will soon be a cold hard reality. This is partly out of sheer necessity. By 2050, cities will need to provide homes for billions more people and continue to act as the primary engine of economic growth. They will also need to be more energy efficient, if not climate neutral. As part of this transformation, sensors and data analytics will help automate and better coordinate city functions from transport to sewage.

But by itself technology won't be a silver bullet. Startups in the sector are realising that their role extends far beyond just making smart things. They need to court policymakers for political support and engage with citizens to assuage their concerns, particularly on privacy and algorithmic bias. No matter how smart the city they're trying to build, it will still need to be a human one.

Early stage market map

Startups tracked by Sifted, from pre-seed to Series A

Mobility





GovTech Policy planning Citizen engagement & data management Cap Collectif Novoville Hello Lamp Post City Science GovMind ClimateView

Cross-industry data analytics

UrbanTide Unblur Syswin Solutions	Sensorgage Pulse Systems Natix	Husense B.V. HAL24K Denver Technologies	Onhys Configured Things
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Security

Infrastructure

Headlight Al	
Vialytics	1

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Locator
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Calipsa.io
DeepNeuronic
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Havr

Key stats

68

% of world population projected to be urban by 2050¹

70

% of global energy use attributable to cities²

85

% of future smart city applications that will require cross-industry data (up from 45% today)³

After a spike in 2019, smart cities funding has remained relatively stable in the past two years VC funding into European smart cities

startups (€m) **II** and number of funding rounds ✓



Between 2019 and 2025, IoT device connections are set to triple

Past and projected device connections: non-loT (bn) × IoT (bn) ×



Trends to watch

1. Data for everyone

- → Smart cities aren't just collecting and processing data for themselves
 more and more of them are making it available to their citizens in a two-way flow of information.
- → While startups can make use of this data for their own products, they're increasingly sharing their own data with city governments to help them improve urban planning but that also requires addressing concerns around privacy and data protection.

2. MaaSive attack — the all-encompassing transport apps are coming

- → Mobility-as-a-Service (or MaaS) allows cities to transition from vehicles owned by individuals to a system where residents can choose between and pay for private and public transportation on one central platform.
- → Startups are laying the groundwork for this approach, for example by incentivising ridesharing or providing access to empty private parking spaces.

3. Can you climate-proof your city?

- → From energy consumption to traffic management, cities face significant hurdles in going from carbon-intensive to sustainable.
- → Startups are applying IoT technologies to support cities' green transition, for example by measuring air quality or improving energy efficiency.

4. Getting government up to speed

- → One big limiting factor for smart cities today is their complexity. To act as architects and orchestrators of smart cities, many city governments will need to up their digital savviness. And that's going to be expensive just think of all the tech consultants.
- → Startups are targeting local authorities with software to better gather and manage their own data as well as survey — and communicate with — residents.

Sifted take

Smart cities go beyond installing a sensor or smart lighting here or there. Their aim is to eventually connect different solutions to each other so they start working together. In the longer term, startups' focus may shift from making cool things like snow-melting roads, autonomous cars and speccedup rubbish bins to providing software to integrate them all.

58 startups tracked by Sifted

Subindustries

22/58 Mobility 12/58 Climate & sustainability 11/58 Cross-industry data analytics 7/58 GovTech 3/58 Infrastructure 3/58 Security

2016 Avg. launch year 1.7 years Avg. launch to seed 2.3 years Avg. seed to Series A €1.8m Avg. seed funding €5.3m Avg. seed valuation

Investors by type

37% VC fund 26% Accelerator 11% CVC 10% Public funding 9% Angel 3% Crowdfunding 1% Private equity 1% Family office 1% Foundation 1% Startup

Most active investors by deal count

- 7 European Innovation Council PUBLIC
- 6 Plug and Play 👓
- 6 Public.io ACCELERATOR
- 4 EIT Climate-KIC PUBLIC
- 3 Startport ACCELERATOR
- 3 Startupbootcamp ACCELERATOR
- 3 TechQuartier Accelerator
- 3 Wayra ACCELERATOR
- 3 London Co-Investment Fund 👓

Early stage startups to watch

Europe's leading pre-Series A startups (all published data verified)

We identify companies as 'rising stars' using a number of criteria including founder backgrounds, investor track record, funding and valuation, and growth signals

Bareways	TOTAL FUNDING (€) 4m	LAST ROUND SIZE (€) 1.4m	RISING STA
Mobility Navigation	LAST ROUND STAGE	VALUATION (€)	1
오 Lübeck, Germany 🛛 🏲 2019	Seed	Undisclosed	
Developed a paying tion to all to inform drivers whether any read worldwid	a is driveable based on real time data and pa	reand proferences	

Developed a navigation tool to inform drivers whether any road worldwide is driveable based on real-time data and personal preferences. Cofounders Sascha Klement and Moritz von Grotthuss previously cofounded gesture recognition startup gestion, which was acquired by Valeo.



Cross-industry data analytics

Hamburg, Germany
2020

TOTAL FUNDING (€) 1.2m

LAST ROUND SIZE (€) 700k

LAST ROUND STAGE Pre-seed VALUATION (€) 4m

Develops GDPR compliant computer vision technology that lets cameras track any relevant changes in the environment. The startup's cofounders combine expertise in academic research and startup consulting.

5

Alchera Technologies

Mobility Traffic data

💡 Cambridge, United Kingdom 🛛 🏲 2016

TOTAL FUNDING (€) 600k

LAST ROUND STAGE Pre-seed

600k VALUATION (€) Undisclosed

LAST ROUND SIZE (€)

Mobypark

Mobility Parking 💡 Amsterdam, Netherlands 🛛 🏲 2012

TOTAL FUNDING (€) LAST ROUND SIZE (€)

1.5m

LAST ROUND STAGE Debt

VALUATION (€) 3m

165k

Ciclogreen

Mobility Incentive scheme

💡 Sevilla, Spain 🛛 🏲 2016

TOTAL FUNDING (€) 850k

Seed

LAST ROUND SIZE (€) 250k

LAST ROUND STAGE

VALUATION (€) 1.2m

Senstate Technologies SC

VALUATION (€)

360k

Climate & Sustainabili

💡 Gabrovo, Bulgaria

TOTAL FUNDING (€) 80k

LAST ROUND STAGE Pre-seed

Urbio

Climate & Sustainability Energy transition

Sion, Switzerland 🏲 2020

TOTAL FUNDING (€) 1.8m

LAST ROUND STAGE Pre-seed

VALUATION (€) Undisclosed

1.8m

LAST ROUND SIZE (€)

MOTIONTAG

Mobility Traffic data 💡 Potsdam, Germany 🛛 🏲 2015 TOTAL FUNDING (€) LAST ROUND SIZE (€) 3.8m 1m

LAST ROUND STAGE Seed

Undisclosed

VALUATION (€)

See.Sense

Mobility Cycling 💡 Newtownards, United Kingdom 🛛 🏲 2013

TOTAL FUNDING (€) LAST ROUND SIZE (€) 1.5m 160k

LAST ROUND STAGE VALUATION (€) Seed 4m

Breeze Technologies

98k

LAST ROUND SIZE (€)

Climate & Sustainability Air quality

Hamburg, Germany	* 2015
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TOTAL FUNDING (€) 320k

LAST ROUND STAGE VALUATION (€) Grant 6m

SUNSPEKER

Climate & Sustainability Energy transition

💡 Turin, Italy 🛛 🏲 2019

TOTAL FUNDING (€) N/A

LAST ROUND STAGE Bootstrapped

N/A VALUATION (€) N/A

LAST ROUND SIZE (€)

HOP Ubiquitous (HOPU)

Climate & Sustainability Air quality

💡 Region of Murcia, Spain 🛛 🏲 2014

TOTAL FUNDING (€) 960k

LAST ROUND STAGE

Seed

VALUATION (€) 7.8m

LAST ROUND SIZE (€)

connologic
ity Air quality
* 2020
LAST ROUND SIZE (€) 80k

Hello Lamp Post

GovTech Citizen engagement

💡 London, United Kingdom 🛛 🟲 2018

TOTAL FUNDING (€) 400k

LAST ROUND STAGE Pre-seed 400k VALUATION (E) Undisclosed

LAST ROUND SIZE (€)

GovMind

GovTech Policy planning & data management

💡 Berlin, Germany 🛛 🏲 2020

TOTAL FUNDING (€) 200k

200k

LAST ROUND STAGE Angel VALUATION (€) Undisclosed

LAST ROUND SIZE (€)

Husense B.V.

Cross-industry data analytics

💡 The Hague, Netherlands 🛛 🏲 2020

TOTAL FUNDING (€) 90k

90k

LAST ROUND STAGE Grant VALUATION (€) Undisclosed

LAST ROUND SIZE (€)

City Science

TOTAL FUNDING (€) 3.5m

LAST ROUND STAGE Seed

E VALUATION (€) Undisclosed

500k

LAST ROUND SIZE (€)

Polyteia

GovTech Policy planning & data management

3m

💡 Berlin, Germany 🛛 🏲 2018

TOTAL FUNDING (€) 6m

LAST ROUND STAGE Seed

VALUATION (€) Undisclosed

LAST ROUND SIZE (€)

DeepNeuronic

Headlight Al Limited

Infrastructure

💡 London, United Kingdom 🛛 🏲 2017

TOTAL FUNDING (€) 450k

LAST ROUND STAGE Seed VALUATION (€) Undisclosed

300k

LAST ROUND SIZE (€)



Sources

Data sources

Sifted proprietary data Dealroom.co

Research reports

The Internet of Things: Catching up to an accelerating opportunity | McKinsey | November 2021

News Articles

<u>14 smart city startups to watch, according to VCs</u> | Sifted | October 2021
<u>The City as a Survival Mechanism: Kim Stanley Robinson</u> | Bloomberg | April 2021
<u>A City Tailor-Made for Self-Driving Cars? Toyota Is Building One</u> | Bloomberg | April 2021
<u>Will the pandemic spur a smart rebirth for cities?</u> | TechCrunch | March 2021
<u>Two Ways Cities Can Unify Their IoT Systems</u> | BCG | January 2021
<u>3 The Risks and Rewards of Data Sharing for Smart Cities</u> | BCG | August 2020
<u>What is Mobility-as-a-Service?</u> (Maas): Are We There Yet? | Plug and Play Tech Center | September 2019
<u>Future of inclusive smart cities</u> | Deloitte | August 2019
² Wind and solar energy power smart renewable cities | Deloitte | March 2019

How would you rate this briefing?

0	1	2	3	4	5	6	7	8	9	10
bad										loved it

Cover image: JC Gellidon

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