

PRESS RELEASE

Bruno Le Maire et Cédric O announce a short-term public support plan for tech companies

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On the occasion of a visit to the start-up Earthcube, Bruno Le Maire and Cédric O have unveiled today the support plan for French Tech companies, severely affected by the coronavirus crisis. The plan includes short-term measures of public support through investments, loans and grants meant to ensure that entrepreneurs and businesses can continue to emerge, grow and innovate.

Tech companies have an increasing economic importance, notably in terms of employment, and are an essential component of France's sovereignty. As such, they have been **at the heart of France's economic policy since 2017, with the ambition of positioning the French Tech as a world-leading innovation ecosystem**. The ecosystem has been booming, with a doubling of fundraising between 2017 and 2019, but it has been deeply affected by the crisis. The Government has thus decided to implement a **short-term public support plan for tech businesses**, mainly financed by the Future Investment Program (PIA)¹.

Bruno Le Maire, Minister of Economy and Finance declared: *“Tech companies are at the heart of our country's economic reconstruction. Supporting them is an imperative because they are essential to innovation and to our technological sovereignty. The Covid-19 crisis has shown the increasing importance of digital economy in our societies. We must protect our startups and help them further their development in the face of American and Chinese competition. This is the ambition we pursue with this support plan.”*

Cédric O, Minister of State for Digital Affairs declared: *“Thanks to the women and men of the French Tech, France now has one of the most dynamic innovation ecosystems in the world. However, startups have also been strongly affected by the crisis and the tech solutions they offer, notably certain sovereign technologies, can require many years to develop. This is why, since March, the Government has mobilized exceptional measures to support businesses and, in particular, an emergency plan specifically designed for startups. It is now imperative to strengthen and broaden this short-term support.”*

The support plan comprises **5 sections**:

1) Support for companies developing sovereign technologies of the future: launch of a « French Tech Sovereignty » fund

French tech companies developing sovereign technologies of the future could, in the coming months, fall prey to major foreign players or be outperformed by competitors who would be more successful in financing themselves. In response, the Government is launching an **investment vehicle managed by Bpifrance with both offensive and defensive purposes and an initial envelope of €150 million** in

¹ This support plan complements the emergency measures announced in March, from which tech companies have greatly benefited with €3 Bn in PGE and €2.5 Bn in accelerated payment of the research tax credit (CIR).

order to provide support to these companies, which are key drivers of our technological autonomy. Depending on future needs, **the size of this fund could be increased to over €500 million in 2021.**

2) Support of c.€500 million for the financing of tech companies to help them overcome the crisis and continue to innovate

As a result of the crisis and venture capital contraction, many startups struggle to secure financing despite their high potential. The Government has thus decided to take the following measures:

- **Cash flow support: re-financing of the €80 million French Tech Bridge fund**, which now totals €160 million, aimed at financing bridges between two fundraising rounds, and **launch of a c. €100 million loan offering distributed by Bpifrance to promising startups that temporarily qualify as distressed companies** and are thus unable to access the state-guaranteed loan scheme (PGE);
- **€120 million reload of the PSIM investment fund** to support new startups that won the global innovation competition;
- **Reinforcement of innovation support schemes:** extension of the Innovation Contest (i-Nov) with an additional €20 million for a total envelope of €80 million, and launch of a new wave of IA Challenges for €15 million.

3) Support of c.€200 million to foster the emergence of a new pool of startups, notably high-tech companies

Considering that the creation of today's major tech companies such as Uber and Airbnb took place in the context of the 2008 crisis and that almost one in two young researchers contemplates setting up a company, several measures aimed at supporting the maturation and incubation of tech projects are implemented in line with the Deep Tech plan operated by Bpifrance, in order not to jeopardize the emergence of new startups:

- **Release of a €65 million third tranche of funding for TTOs**, whose mission is to create value from academic research;
- **Support for entrepreneurship support programs:** launch of a **second wave of call for projects, with a €15 million allocation, for programs specializing in deep tech entrepreneurship** and creation of the **French Tech Acceleration No. 2 Investment Fund, with a €100 million envelope**, designed to support the development of startup accelerators, with a focus on high-tech.

4) Demand-side support: identification of legislative and regulatory bottlenecks in order to accelerate the digitisation of society and the economy

The health crisis has resulted in an extensive use of tech solutions by French companies and citizens, whether for remote working, shopping or communicating with family and friends. As part of the state of health emergency, certain legislative and regulatory restrictions have been lifted to facilitate the use of digital tools, such as telemedicine. **In order to identify the measures to be maintained and the new ones to be taken to accelerate the development of digital uses, the Ministry of State for Digital Affairs, together with the Directorate General for Enterprise, is launching a major call for contributions from the general public and businesses.** The proposals will be analysed in order to feed a bill that will be presented to the Parliament by the end of the year as part of the recovery. The consultation will be launched in the coming days and will last **until July 31st.**

5) Support for recruitment through information and communication measures

Similar to 2008, startups can quickly provide opportunities for young graduates affected by a constrained job market. However, jobs related to new technologies evolve at a very fast pace and remain relatively unknown. In order to improve the guidance of potential candidates and the general public awareness regarding careers in startups, **an online platform presenting jobs in the tech sector and a communication campaign on employment opportunities in the French Tech** will be launched during the summer. Also, **half of the French Tech Community Fund 2020 (€1 million) will be devoted to the financing of local initiatives related to careers and opportunities in the French Tech.** The

call for projects will be launched in July. A particular focus will be placed on projects aimed at audiences that are seldom represented in the ecosystem.

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