

Early Metrics' top 10 tech trends to watch in 2022

Early Metrics, a leading startup rating and research agency, has had its fingers on the pulse of the innovation ecosystem since 2014. Today it unveils its selection of tech trends to watch in Europe in 2022.

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Despite ongoing uncertainty, 2021 was a record year for startup fundraising and saw countless successes for the European tech scene. It's now time to evaluate which events of the past year will snowball into bigger trends in 2022. Below, *Early Metrics'* team of analysts share their predictions for the year ahead - spanning all sectors, from sustainable Spacetech to seamless payments and biotech for cosmetics.

1. Companies will explore how the metaverse could disrupt our ways of living

The metaverse was already a common concept in the gaming world. In fact, out of the \$10.4B invested in the metaverse in 2021, over 72% or \$7.5B went to gaming companies (Crunchbase). But *Facebook's rebranding to Meta* has brought the trend to the attention of a much wider audience. Suddenly retail giants are exploring how they could leverage the metaverse in their future communication and selling

strategies. Corporates are also asking questions about the impact that the metaverse could have on the workplace and work practices. Startups developing solutions in the areas of blockchain, NFTs, augmented reality or other extended reality technologies will be sure to attract investment and corporate attention in 2022. In particular, retail brands in fashion and cosmetics are likely to become early adopters of metaverse and web3 solutions - as illustrated by Nike's recent acquisition of RTFKT Studios, a startup founded in January 2020 that makes virtual shoes as NFTs.

2. Frictionless payment solutions will grow ever popular

You may think payment tech is old news. Yet, the ever-growing number of fintech startups and amount of VC money flocking to this market segment are evidence that this trend is very much alive. Case and point: Sunday raised a staggering \$100M Series A round in September 2021. Investors were seduced by the French startup's seamless payment solution which enables restaurant-goers to pay via QR code scanning. With Sunday's recent success, we are also witnessing the result of Europe's maturing ecosystem of entrepreneurs. Indeed, the three co-founders had already proven their business chops through ManoMano, Big Mamma and Zalando. Aside from QR-based technology, biometrics applied to payment is another technology to watch. For instance, the British startup FinGo received a strong growth potential score from Early Metrics for its technology, which authenticates payments by recognising the vein pattern in your finger (a safer alternative to fingerprint scanning). Lastly, we might see more cashier-less shops, à la Amazon-Go, pop up across Europe, bringing seamless shopping to a new level.

Startups will drive more carbon reduction

3.

initiatives

The climate crisis will continue to spur on innovators and investors in 2022. Carbon reduction currently occupies the lion share of the effort and conversation surrounding climate change. Within this space, we are seeing startups getting increasingly specialised in certain areas of carbon reduction. Many choose to focus either on carbon capture, carbon upcycling, carbon offsetting or carbon auditing. Carbon offsetting, such as tree planting schemes run by the likes of Ecologi and Treeapp, is the densest of these four segments due to its lesser level of complexity. However, it may lose steam as environmental leaders view it as a short-term fix. On the other hand, carbon auditing companies are expected to boom as they respond to growing demand for efficient carbon footprint measurements within businesses. Lastly, carbon capturing and upcycling hold great potential but are still in their early days. The startups in these areas are mostly early stage and face considerable challenges in scaling their operations. Collaboration between large industrial players and such startups will, therefore, be vital to accelerate the maturing of carbon capture and upcycling technologies.

4. Sustainable finance will become more accessible

Sustainability concerns are also deeply affecting the finance world. In 2022, we can expect sustainable finance to become more accessible to both professional and retail investors. A growing number of millennials is, indeed, looking to align their financial behaviour with their eco-conscious beliefs. Several startups, including Moneyfarm, Clim8 and Circa5000,

have already jumped on this opportunity. Through apps and digital platforms, they empower non-finance professionals to invest in sustainable ETFs in a few clicks. Other startups are providing solutions to help users track and limit the carbon footprint of their everyday spending. For instance, Doconomy has created a debit card that shows users the carbon footprint of the items they purchase and caps spending once they has reached a certain level of carbon emissions. Doconomy is one to watch in this space as it ranked among the top 20% of over 3000 startups rated by Early Metrics (in July 2020).

5. Biotech will transform cosmetics into a greener, healthier sector

Perhaps a less talked about trend on the horizon is that of biotech for the cosmetics sector. A growing number of companies are coupling the power of nature with cutting-edge biotechnology for healthier and more efficient cosmetics. Progress in genetic editing has opened the door to the production of synthetic ingredients that mimic natural ones. This could help protect natural resources that are typically exploited for this sector. In a further effort to green this industry, many players are moving away from petroleum-based ingredients to bio-massed derived ones. For example, the make-up company LAST (part of Global Bioenergies) makes its products long-lasting thanks to isododecane that is not derived from petroleum (as it usually is) but is obtained by fermenting plants. Biosurfactants are also on the rise, offering better alternatives to traditional foaming ingredients which can have a negative impact on skin health. The University of Manchester's biotech spin-out Holiform is among the startups striving to make biosurfactant cheaper and more efficient, having recently raised £6.8M to upscale production.

6. Spacetech startups will play an ever more important role in sustainability

Moving from the micro to the macro, the spacetech scene is another one to watch in 2022. Admittedly, the biggest headlines in 2021 came from large scale projects by Space X, Blue Horizon and Virgin Galactic, rather than from startups. But small tech companies have been quietly working in the background on specific solutions for our future, both on and off planet Earth. A particularly fascinating aspect is spacetech for sustainability. For instance, some startups are developing satellite technology to collect real-time data to evaluate how green our buildings are (e.g. SatelliteVu) or to help farmers manage their crops more sustainably (e.g. Pixxel). Others like Astroscale, which recently received funding from London-based Seraphim Space Investment Trust PLC, are working on extending the life of satellites already in orbit or remove old ones. There are even startups like D-Orbit working to clean up the space debris we have scattered so far. There is clearly a world - or rather a universe of opportunities opening up for startups in this sector.

7. AI for risk modelling for crisis management will continue to be relevant

AI for risk modelling has been an ongoing trend for at least the past five years and it will continue to be relevant in 2022. Both the COVID-19 pandemic and the climate crisis are putting predictive models to the test and forcing companies to seek new technologies to improve forecasts. While there are cross-industry developments of forecasting AI algorithms, healthcare, finance and insurance players stand to benefit most in the short-term. Nevertheless, we could see the emergence of more startups

applying AI models to supply chain management, seen as the pandemic exposed major flaws in traditional supply chain systems.

8. Corporates will seek tech tools to attract and retain young talent

While the Great Resignation is being felt more strongly in the US, Europe is still grappling with similar job market dynamics. The lockdown period has led many young professionals to reassess their values and the expectations they have of their job. Large companies with more traditional work cultures will want to invest resources into attracting and retaining young talent. So startups that help companies provide employee with perks, including health and wellbeing services, could stand to benefit. When it comes to flexibility and hybrid workplaces, corporates will also be hungry for digital collaboration and productivity tools to keep their teams engaged whilst providing them the greater flexibility they now expect. Moreover, large employers will also seek startups that can enable them to become more inclusive and sustainable (which would in turn improve their employer branding).

9. Grocery delivery space

2020 and 2021 were big years for delivery startups, especially for grocery delivery ones. A myriad of new players entered this market in what seemed like a blink of an eye. But as pandemic-related restrictions are phased out and consumers can freely go to the shops, will this still be a trend to watch? It is likely that 2022 will see a deceleration of this trend. The recent acquisition of Weezy by Getir might also be an omen for the months to come. Indeed, the market segment will stabilise with a few

startups winning the race, and the rest either disappearing or getting acquired by competitors. As with any gig economy model, they will be likely to face criticism and challenges surrounding the protection and remuneration of their workers.

10. Biosecurity upstream in food production

Last but not least, preventing contamination and ensuring the safety of food products will remain a priority in 2022. Startups are proving to be valuable sources of biosecurity innovations in these times of sanitary crisis. For instance, *Novolyze* (in the top 10% of startups rated by Early Metrics) developed non-pathogenic surrogate bacteria for food production plant validation. These microorganisms allow food manufacturers to evaluate the efficacy of their preventive controls, i.e. check that they can spot contaminated food before it ends up on the supermarket shelves. Other startups are using the latest advancement in PCR and ELISA to cheaply and quickly detect pathogens along the production line (e.g. VPCIR).

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