FINCH CAPITAL

Europe’s AI Rewiring

Support Functions (i.e. HR, Finance, Ops, Legal and IT)

Growth Equity for European Business & Financial Technology

We partner with visionary entrepreneurs to build category-defining companies

Introduction

Welcome to the ***2nd edition of Finch Capital's State of European Business Technology*** report, where we take stock of the evolution, opportunities, and challenges shaping Europe's Business Tech landscape. Our analysis focuses on macro trends from exit activity and valuation dynamics to funding shifts across major European markets; and offers our outlook on the key developments set to define the years ahead.

This year's report is structured into three key sections:

1. **Data Pack**: A Quick Outlook on the State of European Business Tech in 2025
2. **Insights & Predictions**: The New Role of Business Tech in the Age of AI
3. **Deep Dives**: HR & Payroll, Finance & Ops, Legal & Compliance, IT & Data

This report explores how AI is transforming Business Tech from an operational enabler into a strategic driver of performance, innovation, and competitive advantage across support functions (HR, Finance, Ops, Legal and IT).

At Finch Capital, we continue to back ambitious founders in financial and business technology. We invest €5-15 million in companies generating €2-15 million in ARR, helping them scale profitably while maintaining control. Our capital also enables teams to provide selective liquidity to early backers or team members. Our portfolio includes over 50 companies such as Fourthline, Goodlord, eFlow, ZOPA, AccountsIQ, NomuPay, and Lavanda.

We are a team of 10 investment professionals across Amsterdam, London, and Dublin with deep entrepreneurial experience. We remain committed to partnering with the next generation of FinTech leaders.

Learn more at www.finchcapital.com and subscribe to our newsletter for updates.

Aman Ghei
Partner
aman@finchcapital.com

Eugénie Colonna d'Istria
Investment Manager
eugenie@finchcapital.com

Joe McHale
Associate
Jean-louis@finchcapital.com

Radboud Vlaar
Managing Partner
radboud@finchcapital.com

State of Business Tech Covers a Key Sector Finch Capital Focuses On

Finance Technology

Insurance

- Protection against various risks
- Claims and administration
- Fraud and payments
- Search and quoting software
- Data and underwriting

Payments

- B2B & A2A payments
- Payment value chain infrastructure (PSPs, gateways, pay-in, payout)
- Fraud and security
- Mobile payments/digital wallets/loyalty
- Card network infrastructure

Banking & Digital Currency

- Banking as a service infrastructure (e.g. card issuing)
- Open banking infrastructure
- Neobanks
- Digital currency and blockchain

Wealth & Capital Markets

- IFAs / Portfolio Management Software
- Investment Management Platforms
- Capital market tools

Lending & Mortgage

- Loan servicing and origination
- Lending technology
- B2C tech-enabled brokers/lenders
- Communication and product construction tools

Business Technology

HR & Payroll

- Talent acquisition
- People analytics & management
- Performance management
- Payroll technologies
- Rewards & benefits management
- Employee experience & engagement

Finance & Ops

- Core finance (e.g. FP&A, Tax, AR/AP, Audit, Treasury)
- Capital & board management
- Spend management (e.g. billing, invoicing, expense management)
- Procurement
- Supply chain management
- Field service management
- ESG & carbon accounting

Legal & Compliance

- KYC/KYB/AML and other financial crime prevention
- Risk management (portfolio, vendor, GRC)
- Regulatory compliance and reporting software
- Document & knowledge management
- IP Management

IT & Data

- Data protection & access management
- Information security & governance tools
- Cloud management
- Collaboration & productivity tools

Example of Investments we have made in these sectors:

FIXICO
DIGITAL INSURANCE GROUP
komparu
goodlord
SALVIOL GLOBAL ANALYTICS
Knip

NomúPay
mõni
in3
payaut
ayoconnect
tada
twisto
prepaynation for better

ayoconnect
Grab
pritle.
Qwist
StablR
cermati

halofina
BUX
Safened
ScalingFunds
xyt

Pintek
Purely Capital
Trussle
Frits
ZOPA
smeo
SUPPLY FINANCE
Hendrick
twin CO capital

symmetrical
lantum
JOJONOMIC
crunchr

webio
TaxScouts
AccountsIQ
hiber
ScalingFunds
LAVANDA

fourthline
SALVIOL GLOBAL ANALYTICS
eflow

brytlyt
squirro
PerfOps
AYLIEN

Executive Summary

Business Tech 4.0: How AI Is Rewiring Enterprise Performance

AI has transformed Business Tech from a back-office support function into a strategic growth driver, powering efficiency, decision-making, and competitiveness across non-core business functions.

General Insights

- AI accounts for 50% of all Business Tech funding volume in 2025, marking a structural shift where automation and intelligent systems dominate funding.
- Median pre-money valuations have surged 2.6× since 2018, surpassing 2021-22 peaks after a brief 2023 correction.
- Deal volume dropped 25–35% YoY, yet deal values rose, showing consolidation and selectivity across European markets.
- France leads deal value (49%), driven by Mistral AI, but the UK leads in deal volume (33%), followed by Germany (17%) and France (12%).
- Europe's median Business Tech exit value reached €49M in 2025, up 65% from last year's €18M, highlighting a robust mid-market buyout trend.

HR & Payroll

- €394M raised in 2025 with €526M annualised, down 4% YoY, with the UK capturing 31% of all deals in the sector.
- 77 total deals to date, down 44% from the 2024 total, reflecting tighter capital deployment and concentration among top performers.
- 44% of HR & Payroll deals involve AI, led by People Analytics and performance management platforms.

Finance & Ops

- €686M raised in 2025 so far with €915M annualised, implying decrease of 15% YoY, with the UK and Germany jointly accounting for 42% of deals.
- 106 total deals to date, a 44% decline from 2024's total, with median pre-money valuations steady at ~€10.5M.
- AI-related funding reached 35% of deal volume, led by digital procurement.

Legal & Compliance

- €535M raised with €714M expected on an annualised basis, a decrease of 15% YoY, with 56% of deal activity AI-related
- 67 total deals to date, down 54% YoY, indicating a smaller but more strategic investor focus.
- Surge in AI-driven IP management startups, attracting €15–€30M seed and Series A rounds across Europe.

IT & Data

- €1.7B raised in 2025 to date, up 19% YoY with a quarter still to go, making it the fastest-growing Business Tech vertical.
- 157 total deals to date, down 37% on last year's total, as capital consolidates around AI infrastructure and data modernisation leaders.
- 61% of deal volume is AI-linked, snowballing enterprise demand for governance, cloud, and productivity AI tools.

1. Data Pack

A quick outlook on the State of European Business Tech in 2025

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AI revives Business Tech: fewer rounds, bigger impact

Macro and AI-led insights across Business Technology

Macro

€3.4Bn **Down 4%** from €3.6Bn in 2024	↓	Total funding value is slightly down with signs of recovery
443 **Down 32%** from 654 in 2024	↓	Total funding volume is down, increasing value concentration
160 Up from 131 in 2024	↑	2025 exits to exceed 2024
75% Down from 99% in 2024	↓	Share of exit capital from M&A and Buyout still dominates, but IPOs are ticking up

Insights

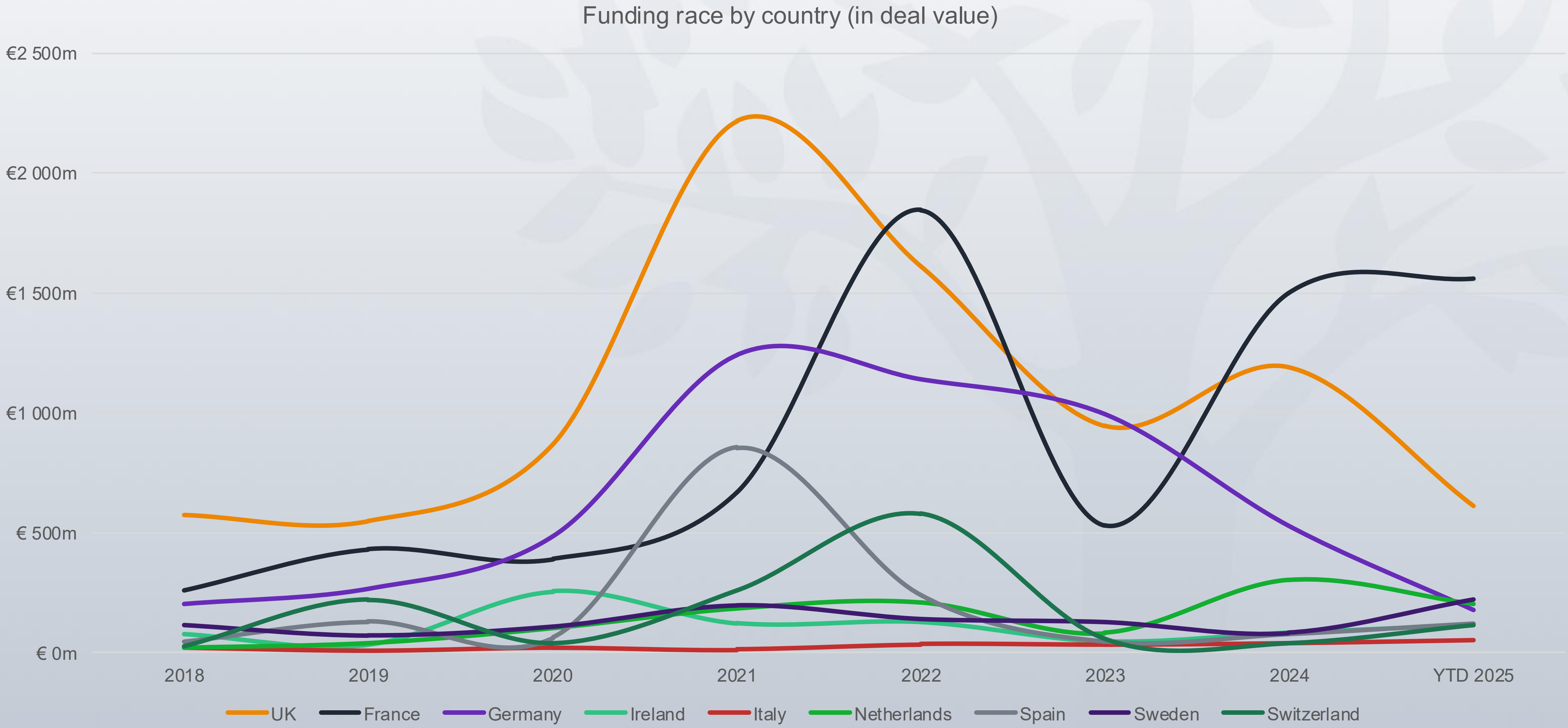
264% Up by 72 percentage points since 2024	↑	Pre-money valuation increase since 2018
13% Up from 7% in 2024	↑	Share of AI value in companies driven by IT function
67% Up from 56% in 2024	↑	Share of AI-led deal value is up, partly driven by mega round in Mistral AI
50% Up from 48% in 2024	↑	Share of AI-led deal volume remains high

* Data up to 30/09/2025; 2024 data only includes Q1-Q3 2024 for the sake of comparing yoy;

Sources: Pitchbook, BCG, Finch Capital analyses

France takes the lead for the second consecutive year

France is only 3rd in deal volume – behind the UK (1st) and Germany (2nd) – showing a high deal value concentration with Mistral AI



Top deal per country YTD 2025

🇫🇷	MISTRAL AI_
🇬🇧	quantexa
🇸🇪	IFS
🇳🇱	FINOM
🇪🇸	job&talent
🇮🇪	Protex AI
🇨🇭	BEEKEEPER
🇮🇹	Jet HR
🇩🇪	Payrails

* Data up to 30/09/2025; announced transaction value only

Source: Finch Capital Team analyses, Pitchbook

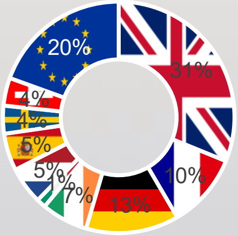
AI mania propels IT & Data to the lead

Key growth indicators across Business Technology subsectors

HR & Payroll

Down 24% from 2024 — **€394m** total raised

Down 33% from 2024 — **77** total deals



UK is leading with 31% of deals

job&talent	Raised **€92m**
Protex AI	Raised **€35m**
BEEKEEPER	Raised **€35m**

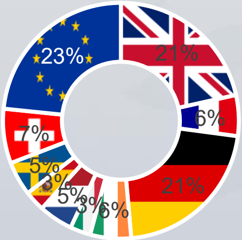
44% Share of AI in deal volume

10,7m Median pre-money valuation

Finance & Ops

Down 25% from 2024 — **€686m** total raised

Down 32% from 2024 — **107** total deals



UK & Germany are leading with 21% of deals each

FINOM	Raised **€208m***
IFS	Raised **€124m**
joblogic	Raised **€93m**

35% Share of AI in deal volume

10,5m Median pre-money valuation

Legal & Compliance

Down 26% from 2024 — **€536m** total raised

Down 46% from 2024 — **65** total deals

UK is leading with 31% of deals

quantexa	Raised **€168m**
Luminance	Raised **€72m**
LEGORA	Raised **€68m**

56% Share of AI in deal volume

54,1m Median pre-money valuation

IT & Data

Up 30% from 2024 — **€1,7bn** total raised

Down 22% from 2024 — **154** total deals

UK is leading with 25% of deals

MISTRAL AI_	Raised **€1,3bn**
SEON	Raised **€68m**
APHERIS	Raised **€20m**

61% Share of AI in deal volume

12,3m Median pre-money valuation

* Data up to 30/09/2025; 2024 data only includes Q1-Q3 2024 for the sake of comparing yoy; announced transaction values and valuations only

** Combined 2 rounds raised by Finom in 2025 YTD

Source: Finch Capital Team analyses, Pitchbook

2. Insights & Predictions

The new role of Business Tech in the age of AI

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From Support to Strategic: The New Role of Business Tech

In the age of AI, ***Business Tech has evolved from a back-office support function into a strategic cornerstone of corporate performance****, driving efficiency, accuracy, and workforce productivity. This part of the report examines the sector through three lenses:*

Key Insights

State of Funding

- AI takes over and reaches 50% of Business Tech funding volume
- Mistral AI dominance propels sector-wide funding growth
- AI Bubble lifts Business Tech valuations 2.6x since 2018
- Europe's AI funding is where the US was four years

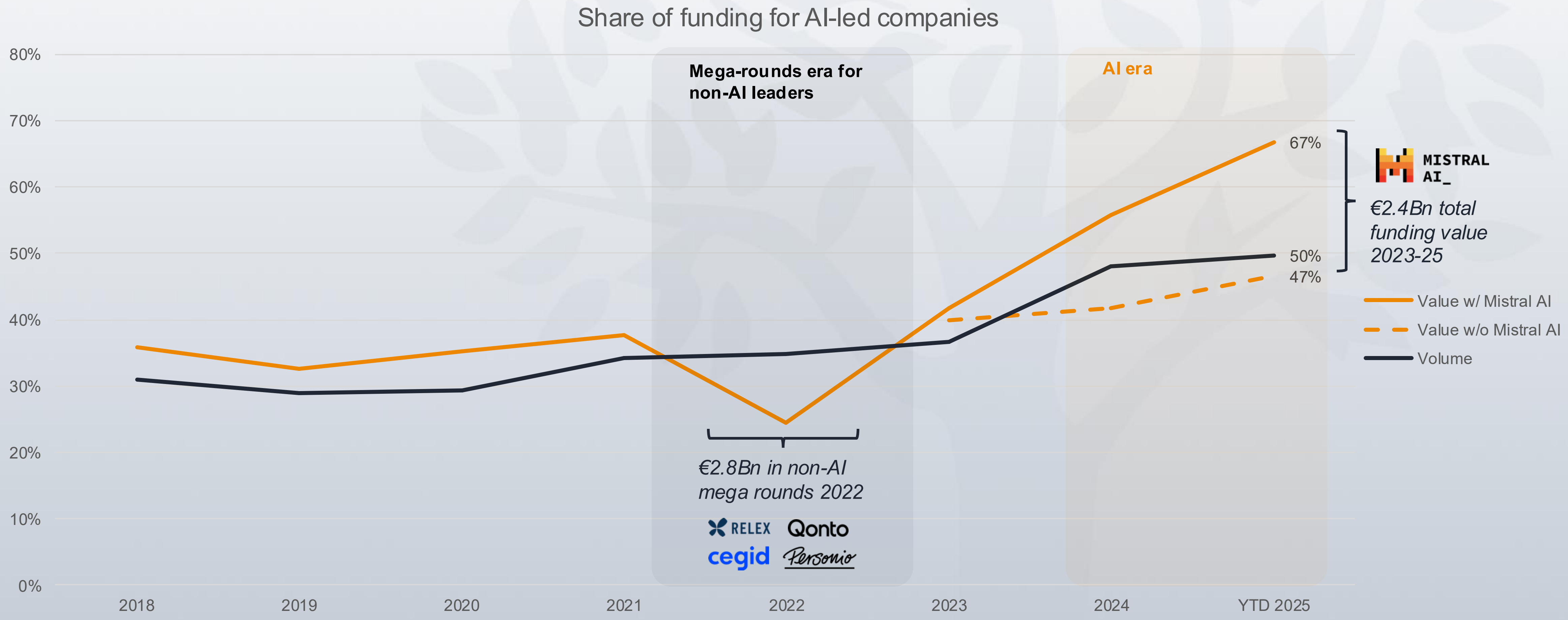
State of Exits

- Mid-market buyouts dominate European exit landscape
- The Big AI Exits are coming to Europe

Business 4.0

- 32% of AI's value is driven by back-office, but the $ Impact is not there yet
- 30-40% of G&A roles will be automated by 2030

AI takes over and reaches 50% of Business Tech funding volume

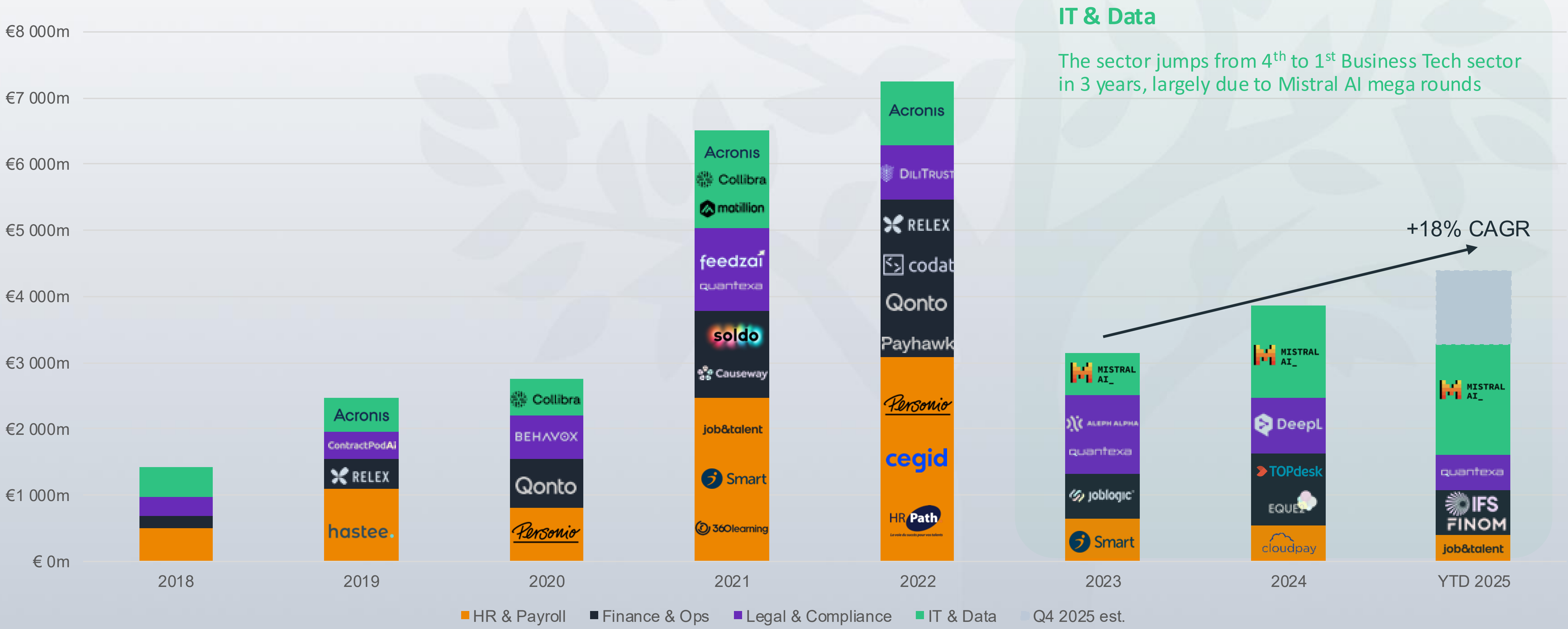


2025 marks a tipping point where **AI-led startups dominate Business Tech funding in both volume and value**, signalling a new era where AI agents and automation become the main fuel for tech innovation and growth in the industry.

* Data up to 30/09/2025

Sources: Pitchbook, Finch Capital analyses

Mistral AI leads the way and propels IT & Data funding growth



IT & Data

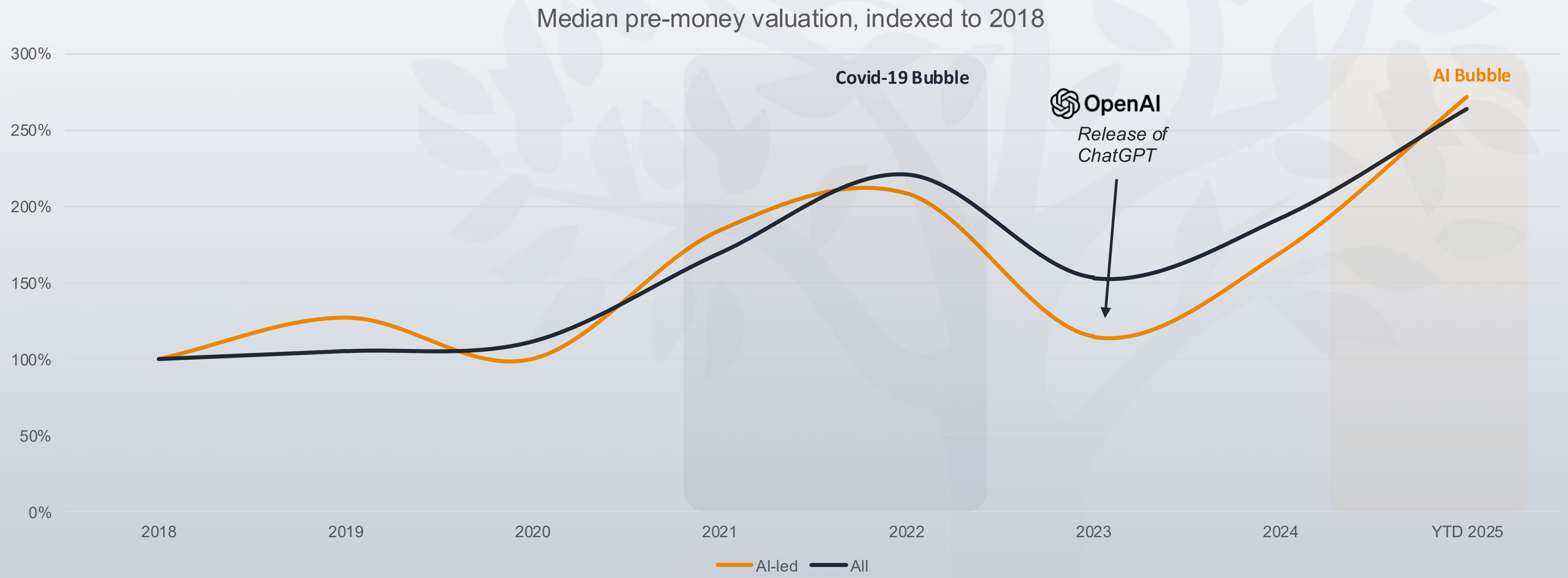
The sector jumps from 4th to 1st Business Tech sector in 3 years, largely due to Mistral AI mega rounds

IT & Data funding growth reflects how companies are racing to modernise their data stacks and infrastructure to stay competitive and unlock "**AI readiness**" internally. Other sectors Finance & Ops, Legal & Compliance and HR & Payroll are catching up.

* Funding value; Data up to 30/09/2025

Sources: Pitchbook, Finch Capital analyses

AI Bubble lifts Business Tech valuations 2.6x since 2018

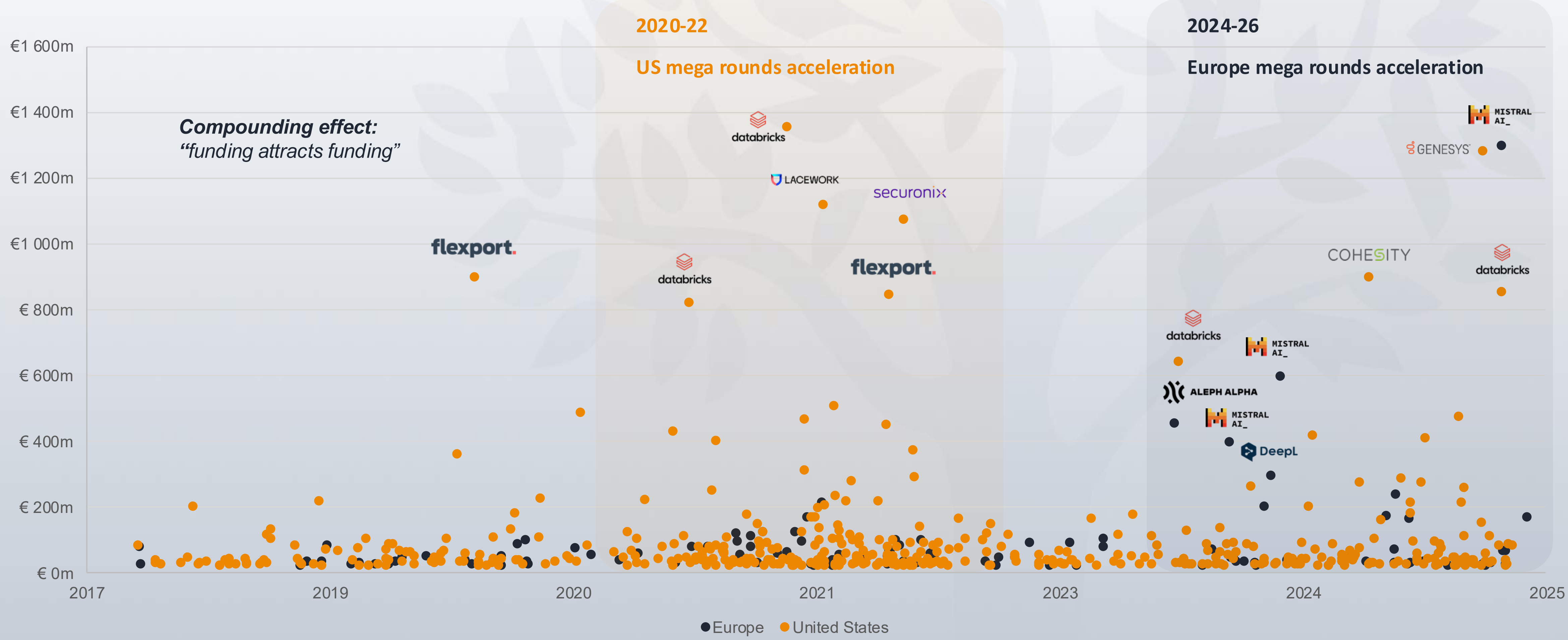


Median pre-money valuations have surged across both AI-led and traditional business tech companies, climbing over 2.6x since 2018. After a brief correction in 2023, **valuations have now surpassed their 2021-22 peaks**, driven by renewed AI optimism.

* Data up to 30/09/2025

Sources: Pitchbook, Finch Capital analyses

Europe’s AI funding is where the US was four years ago



2020-22

US mega rounds acceleration

2024-26

Europe mega rounds acceleration

Compounding effect:
“funding attracts funding”

Europe is closing the gap, but the US benefits from a **compounding advantage: established leaders keep attracting larger rounds, accelerating growth**. While Europe must work harder to overcome this lag, AI funding in the region is expected to accelerate sharply by 2026, particularly in Business Tech.

* >€25m funding rounds only; Data up to 30/09/2025; excluded the Databrick €9.7Bn funding deal in Dec24

Sources: Pitchbook, Finch Capital analyses

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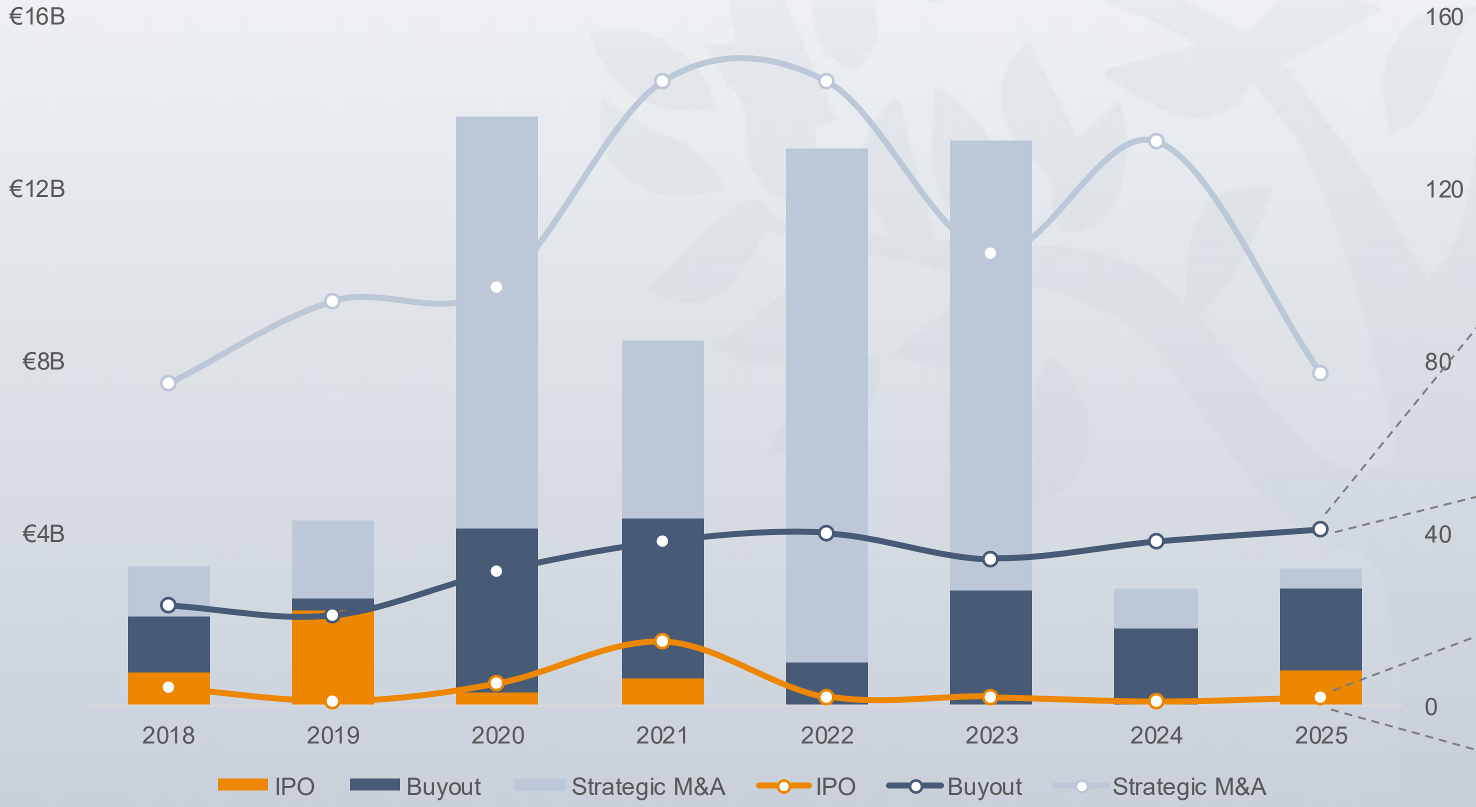
Mid-market buyouts dominate European exit landscape



Who are the top buyers?

MAIN CAPITAL PARTNERS	4
MARLIN EQUITY PARTNERS	2
Adelie.	2
securex	2
FULLCAST	2

Who were the IPOs?

Quantum Base	LON: QUBE €574M
innoscripta	FRA: 1INN €224M

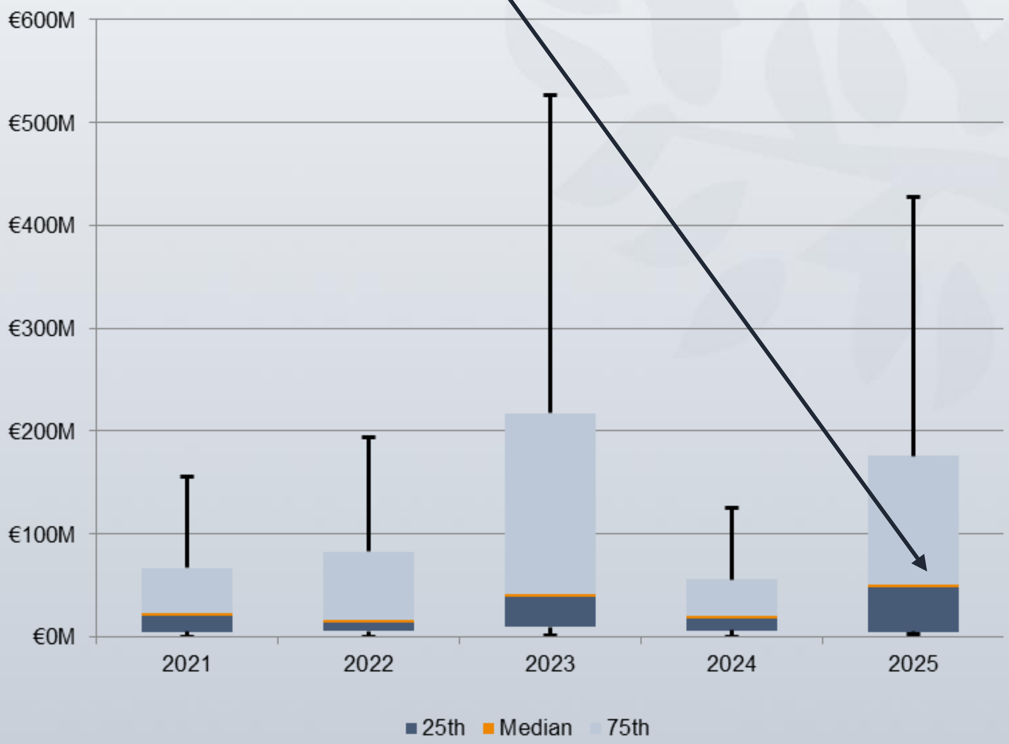
IPOs and Mega-Deals might capture the headlines, but **Europe's bustling mid-market buyout scene is where most exits are happening.**

*Announced deals inc. transaction value only; data is up to 30/09/2025

Sources: Pitchbook, Finch Capital team analyses

The Big AI Exits are coming to Europe

€49m Median *disclosed* exit value for European Business Tech



Where Europe will excel is not in building the foundational layer of AI, but in its clever application providing real business solutions.

Risk and Compliance
Sales and Marketing
Customer Support
Product and Engineering
Financial Operations

Mistral AI → Announced sale

The next generation?

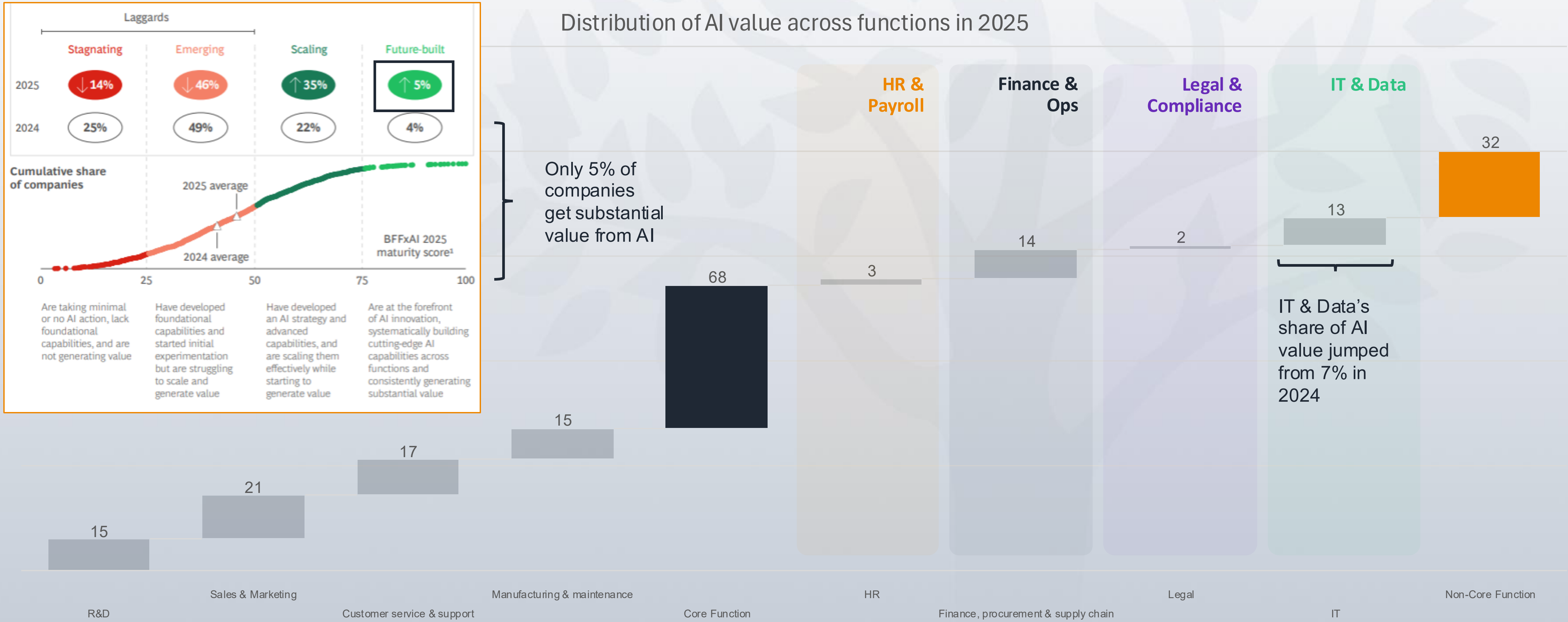
synthesia
ALEPH ALPHA
ElevenLabs
DeepL
H

Europe's median Business Tech exit value has climbed to €49m, underscoring its mid-market strength. But **Europe's growing AI scene could see the median exit value rise dramatically.**

*Announced deals inc. transaction value only; data is up to 30/09/2025

Sources: Pitchbook, Finch Capital team analyses

32% of AI's value is driven by Back-Office, but the $ Impact is not there yet



Stagnating: Are taking minimal or no AI action, lack foundational capabilities, and are not generating value

Emerging: Have developed foundational capabilities and started initial experimentation but are struggling to scale and generate value

Scaling: Have developed an AI strategy and advanced capabilities, and are scaling them effectively while starting to generate value

Future-built: Are at the forefront of AI innovation, systematically building cutting-edge AI capabilities across functions and consistently generating substantial value

Only 5% of companies get substantial value from AI

IT & Data's share of AI value jumped from 7% in 2024

Whilst enterprises have been largely focusing on investing their AI capabilities in core functions to drive top -line growth, **the back-office shows a strong potential in driving value**, especially in **IT & Data** and **Finance & Ops.** However, only 5% of companies get substantial value from AI, due to a lack of skills and true AI leadership.

Sources: BCG Build for the Future 2025 Global Study (n = 1,250); Finch Capital Team analyses

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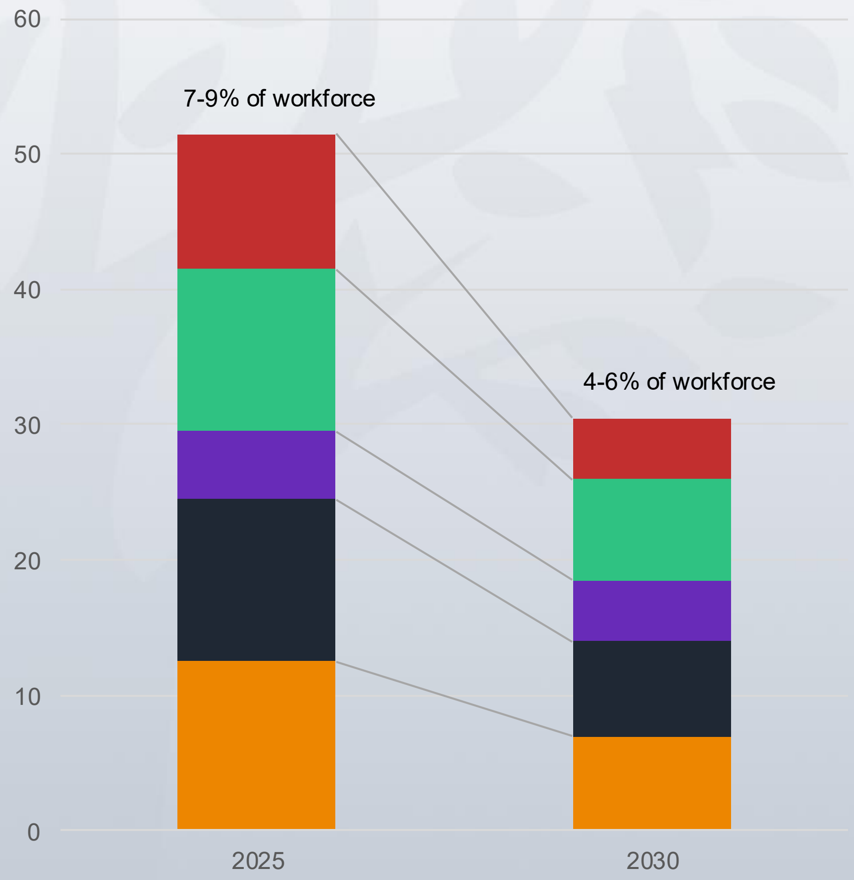
30-40% of G&A roles will be automated by 2030

	2025	2030
HR	Chief People Officer (1) HR Director / Manager (1-2) HR Business Partners (2-3) Recruiters/Talent Acquisition (3-5) ~~Payroll/HR Ops Specialists (2-3)~~ *Replaced by an agent* ~~L&D Manager (1)~~ *Replaced by an agent*	Chief People & Culture Officer (1) HR Strategy & Analytics Lead (1-2) HR Business Partners (2-3) Talent/Employer Brand Lead (1-2) **AI-enabled People Analytics Specialist (1)** *New role*
Finance	CFO (1) Controller (1) FP&A Managers/Analysts (3-4) ~~Staff Accountants (3-5)~~ *Replaced by an agent* ~~AP/AR Specialists (2-3)~~ *Replaced by an agent*	CFO (1) Finance Transformation Lead (1) FP&A Strategists/Data Scientists (2-3) **Compliance & Audit Oversight (1-2)** *New role* **AI Finance Ops Specialist (1)** *New role*
Legal & Compliance	General Counsel (1) ~~Associate Counsel (1-2)~~ *Replaced by an agent* ~~Paralegal (1-2)~~ *Replaced by an agent* Compliance Officer (1)	General Counsel (1) **Legal Ops/Tech Manager (1)** *New role* Compliance & Risk Manager (1-2) **AI Legal Analyst (1)** *New role*
IT & InfoSec	CIO/Head of IT (1) IT Manager (1) ~~Sys Admin/Helpdesk (3-5)~~ *Replaced by an agent* Security Engineers (2-3) Network/Cloud Engineers (2-3) ~~QA/Test Engineers (2-3)~~ *Replaced by an agent*	CIO/Head of Digital Infra (1) **AI Systems & Security Lead (1-2)** *New role* **IT & QA Automation Specialist (1-2)** *New role* Cybersecurity Analysts (2-3) Cloud/Integration Engineer (1-2)
Admin & Ops	COO/Head of Ops (1) Office/Facilities Manager (1) ~~Admin Assistants (3-5)~~ *Replaced by an agent* Executive Assistants (2-3) ~~Procurement/Travel coordinator (1)~~ *Replaced by an agent*	COO/Head of Ops (1) **Workplace Experience Lead (1)** *Hybrid human-AI* Executive Assistants (1-2) **AI Ops Coordinator (1)** *New role*

est. G&A headcount for mid-size firms (500-1k FTE)



Headcount declines, but skills shift upward. The winners will be those who build AI-ready cultures: agile, data-fluent, and rooted in human-machine trust. Success in automation won't come from technology alone, but from reimagining how people and AI collaborate to unlock the full potential of this transformation.

Sources: McKinsey, Deloitte, EY, PwC (2023–25); Finch Capital Team analyses

3. Deep Dives

HR & Payroll, Finance & Ops, Legal & Compliance, IT & Data

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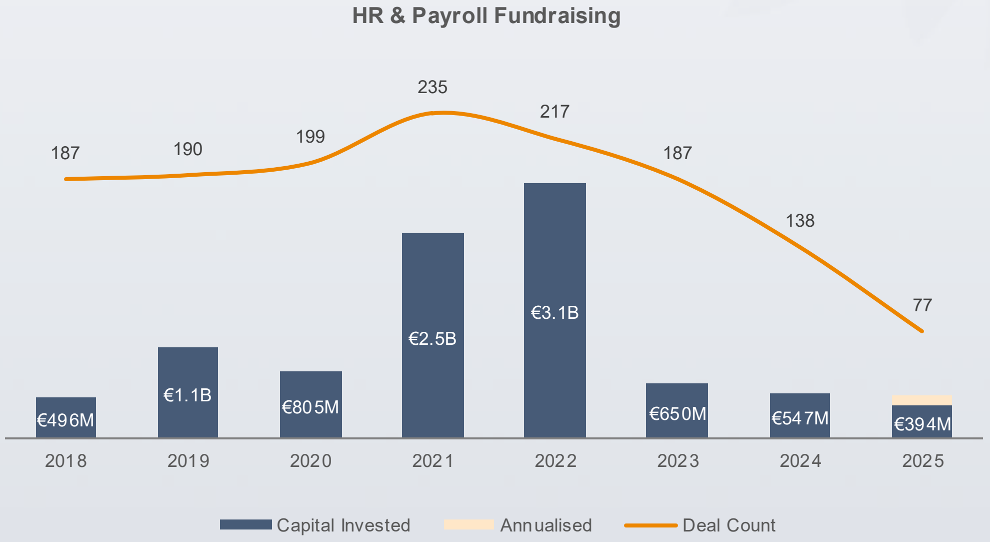
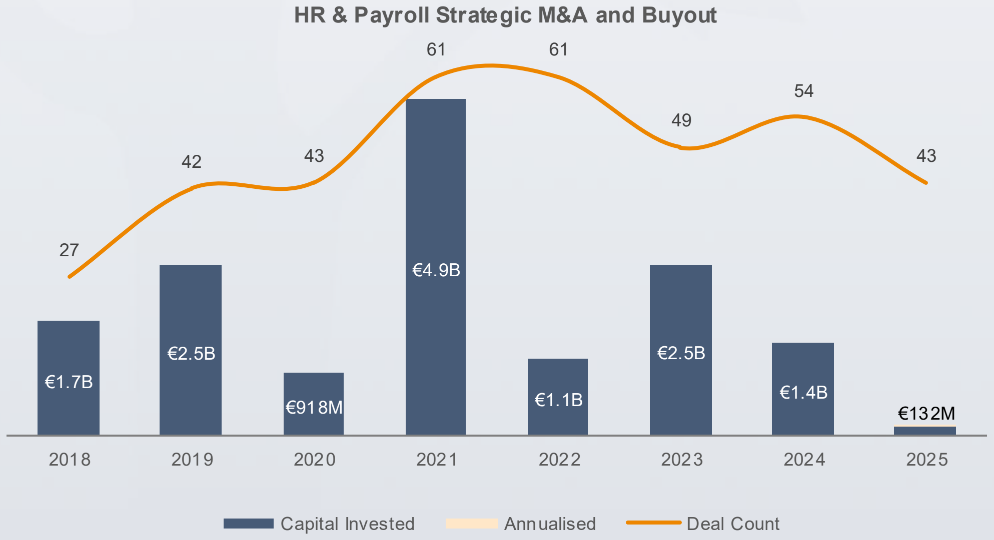
HR & Payroll tightens: more money in, less money out

Funding is consistent, but capital is concentrating among fewer winners; majority buyout activity slowed down in 2025 to less than 10% of 2024's value.

Next wave of HR Innovation draws capital

People Analytics stands out in 2024/25 as AI adoption accelerates





Source: Finch Capital Team analyses, Pitchbook

AI's edge in HR lies with dedicated People Analytics platforms

Watch this space

Capabilities	Business Intelligence Platforms	Consulting Services	HCM Platform additional People Analytics Module	Dedicated People Analytics Platform
Customisability	🟩	🟩	🟥	🟧
Data integration	🟥	🟧	🟧	🟩
AI/ML Support	🟧	🟧	🟧	🟩
Ease of Use	🟧	🟧	🟧	🟩
Time to solution	🟥	🟧	🟧	🟩
Cost	🟧	🟥	🟩	🟥
Cost-effectiveness	🟥	🟧	🟧	🟩
Learning curve	🟥	🟧	🟩	🟩
Self service	🟥	🟥	🟧	🟩
	Power BI tableau Qlik COGNOS Looker splashBI	accenture Deloitte. BCG McKinsey & Company Mercer	workday HiBob SAP SuccessFactors Personio ORACLE ADP	crunchr visier One Model peopleIX

Growth drivers

HR function transforms from admin to strategic business partner

Historically, HR departments were administrative functions. That is no longer the case. HR is increasingly empowered and required to deliver data-driven business impact.

AI as an enabler and transformer of HR functions

Especially in recent years, as the adoption of AI and augmented analytics helps automate pattern detection and equip even non-technical users with the tools to provide data-driven decision support.

Rise of the data-driven organisation

Enterprises today sit atop vast troves of data – the 'digital exhaust' of modern work. Executives, boards, and investors increasingly demand quantifiable insights into people and performance. Much like marketing functions evolved from feeling to fact over the past decade, HR is now following suit.

crunchr

Dirk Jonker, CEO & Founder

The future of work demands leaders who ask the right questions: how to organize work in the age of AI, where to invest in their workforce, and how to drive change and performance. These leaders don't need more dashboards, they need answers to *what's happening, why, and what if.*

Source: Finch Capital Team analyses, Gartner, Houlihan Lokey

Finance & Ops software investment is at 2020 levels

More than €900m in funding capital estimated in 2025, with the lion's share fueling European digital procurement champions

European Digital Procurement Champions

Fundraising rounds

2024

ORO ivalua carbmee

€85m

2025

MERCANIS Makersite xelix

€212m

Exits

2024

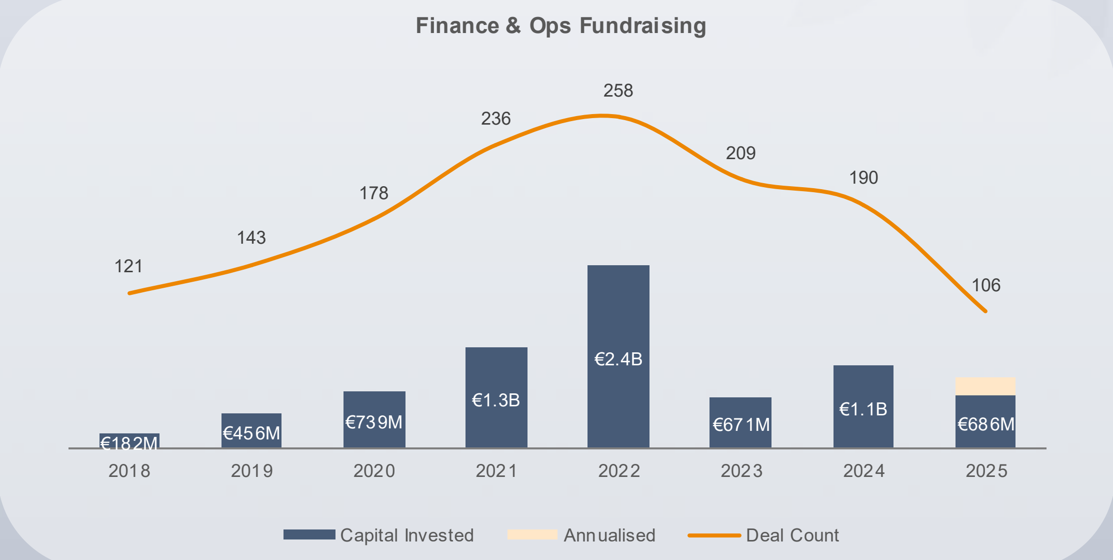
PAGERO ecosio Dext OpusCapita JAGGAER

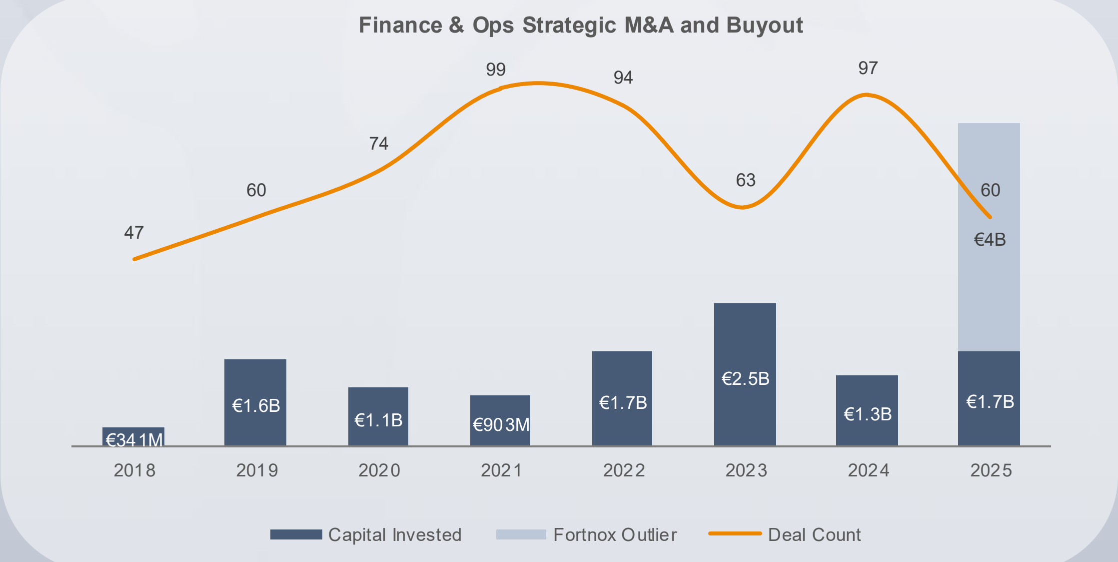
€1.15B disclosed

2025

ESKER Semine Heeros CIRTUO FOODS CONNECTED

€1.68B disclosed





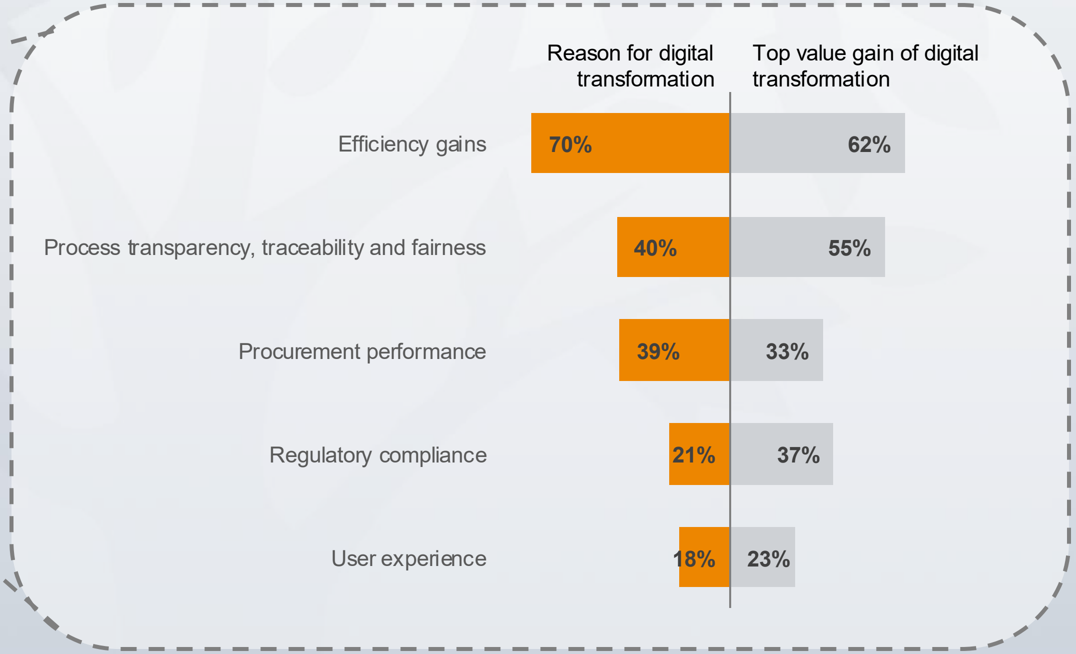
Source: Finch Capital Team analyses, Pitchbook, AGC Partners

Efficiency and compliance fuel Procurement's digital transformation

Watch this space

Top Priorities for Procurement Executives

Top reasons for adoption and areas of biggest value gain of digital transformation in procurement



Sandra Nolasco, CEO

"Amongst our customers & wider network, the main driver of procurement digitization is the search for visibility and efficiency. Volatility since the pandemic and more recently with tariffs, has exposed how fragmented supply chains still are, and how manual procurement processes are unable to address the risks efficiently: 9 out of 10 companies report some sort of disruption since 2021. Digital tools and AI are helping close that gap, connecting data across suppliers, improving traceability, and automating routine tasks to deliver real efficiency gains"

twinco capital

Winning vendors are those demonstrating clear bottom-line impact and compliance ROI

Source: PWC

Legal & Compliance innovation accelerates through AI and M&A

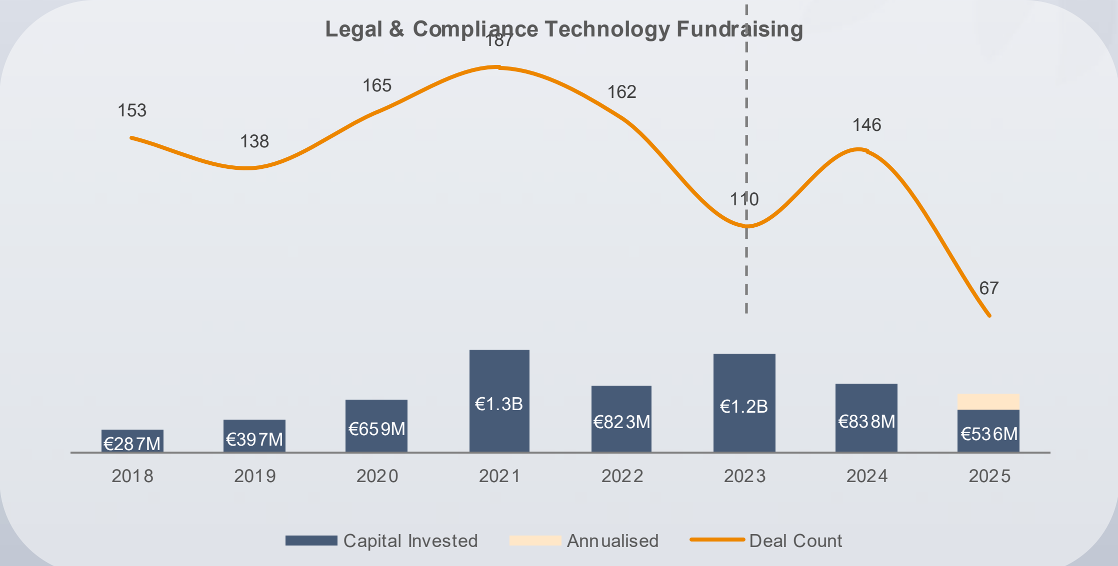
Investment slightly lower year-on-year, but the sector is being reshaped by cloud-based and AI-driven innovators challenging legacy solutions.

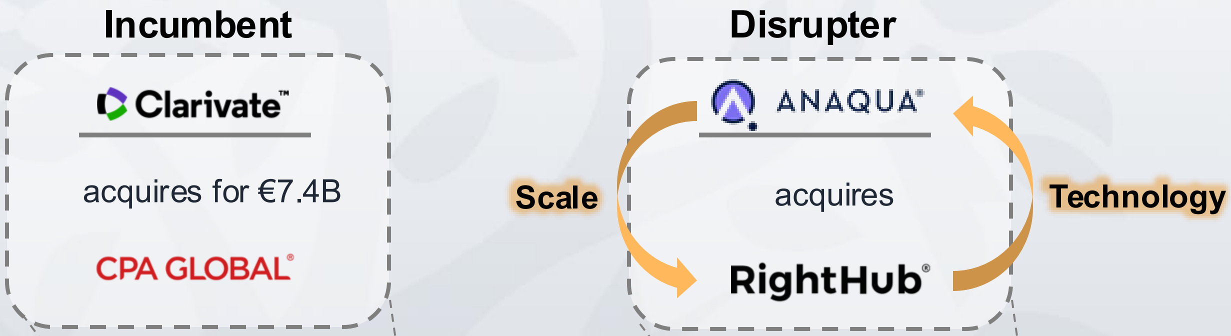
RightHub

€15M Seed
to build AI-driven IP management platform

PatentRenewal.com

€4M Seed
to build next-gen IP renewals platform



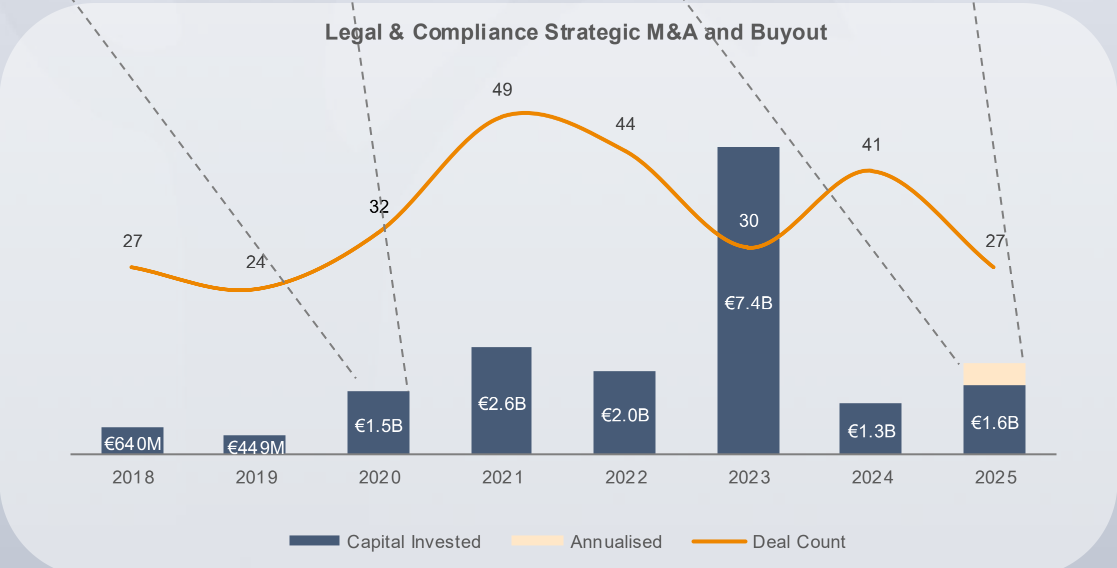


Incumbent

Clarivate
acquires for €7.4B
CPA GLOBAL

Disrupter

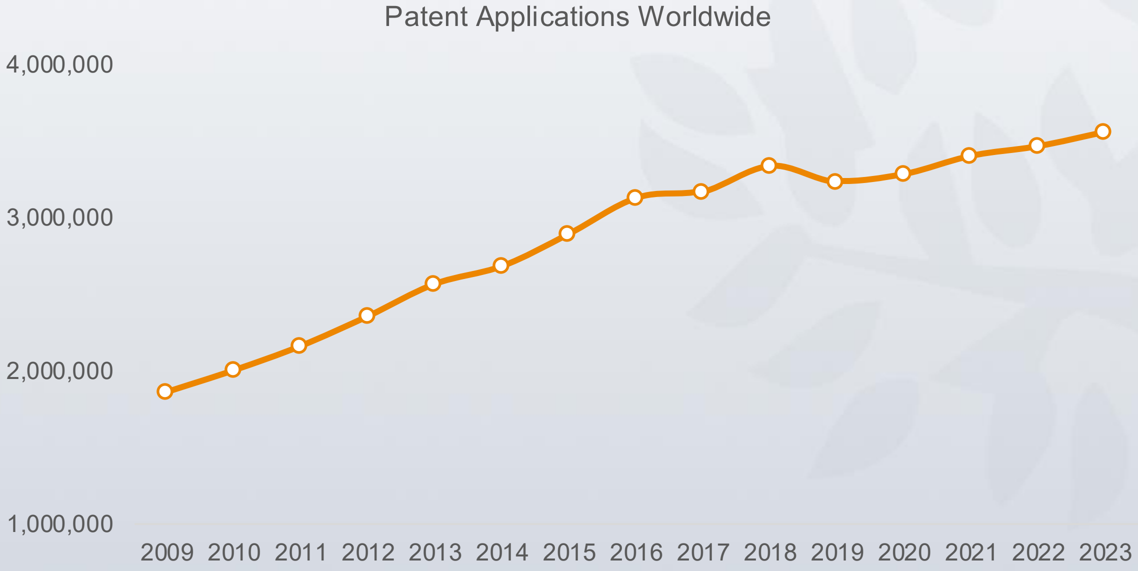
ANAQUA
acquires
RightHub

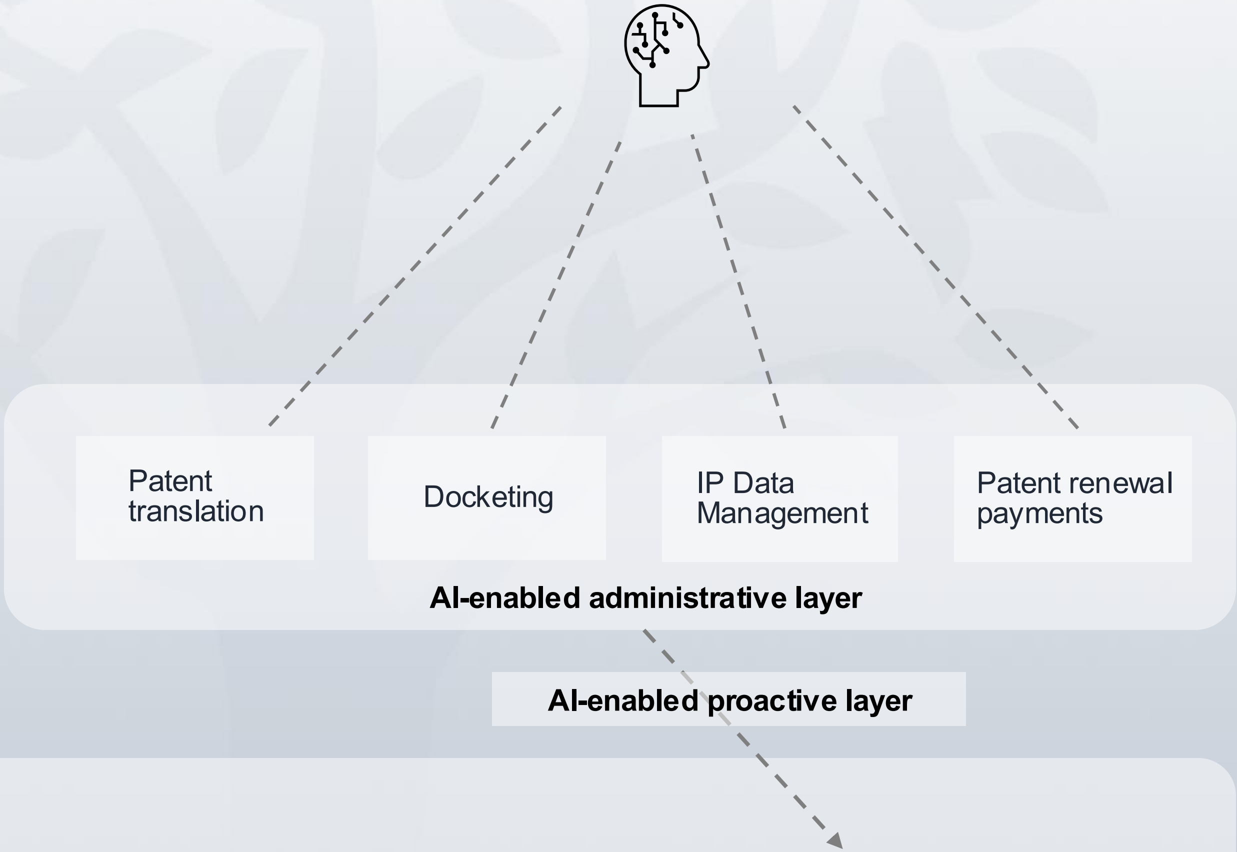


Source: Finch Capital Team analyses, Pitchbook

AI emerges as the new engine of Intellectual Property efficiency

Watch this space





Patent translation

Docketing

IP Data Management

Patent renewal payments

AI-enabled administrative layer

AI-enabled proactive layer

Toni Nijm, Founder **RightHub** & CPO ANAQUA

"AI is fundamentally reshaping the IP landscape and redefining how each activity is carried out across the IP lifecycle, from innovation management and application drafting to IP operations, portfolio management, and monetization."

Source: World Intellectual Property Organistion

IT & Data funding surges beyond €1.7bn, powering enterprise productivity

Funding continues to rise on the back of AI tools delivering collaborations and productivity gains; exit possibilities are slowly emerging.

European AI tools powering business collaboration & productivity

synthesia
→ *Last round 2025*
→ *€177M Series D*
→ *€2.1B post-money valuation*

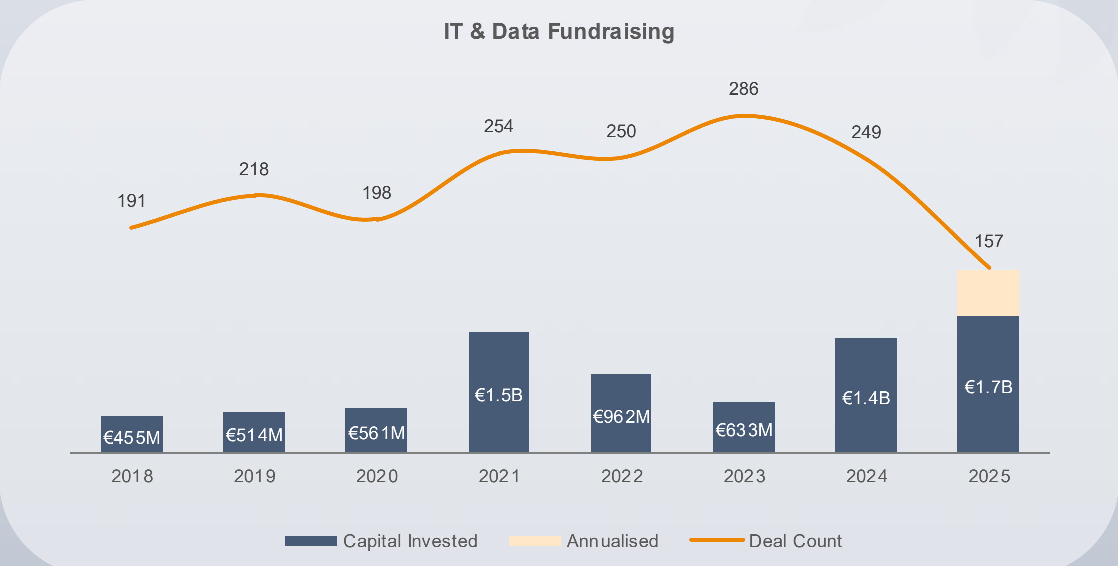
ALEPH ALPHA
→ *Last round 2023*
→ *€459M Series B*

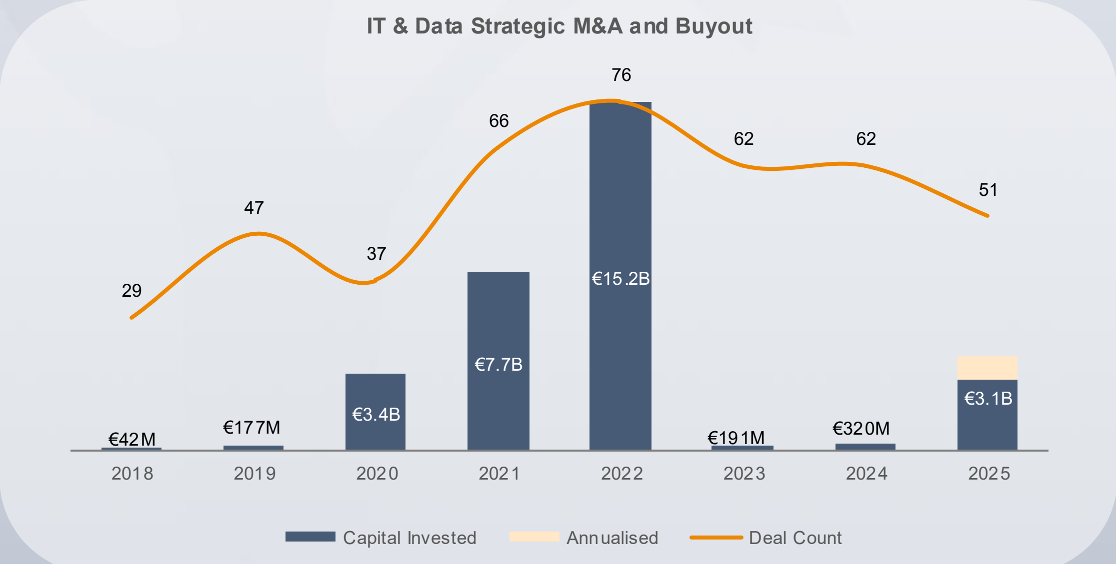
Mistral AI
→ *Last round 2025*
→ *€1.3B Series C*
→ *€11.7B post money valuation*

DeepL
→ *Last round 2024*
→ *€297M Series B*
→ *€1.9B post money valuation*

H
→ *Last round 2024*
→ *€206M Seed*
→ *€346M post money valuation*

IIElevenLabs
→ *Last round 2025*
→ *€206M Series C*
→ *€3.2B post money valuation*


IT & Data Fundraising


IT & Data Strategic M&A and Buyout

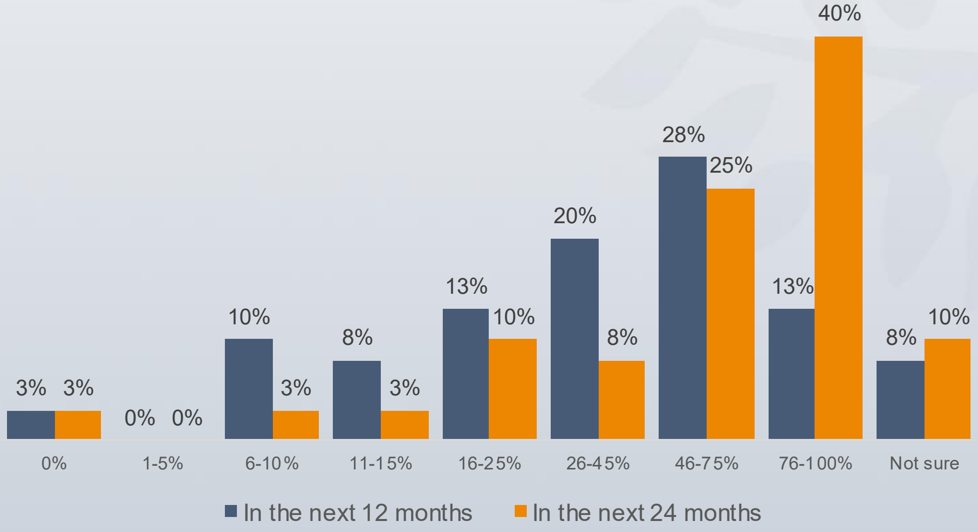
Source: Finch Capital Team analyses, Pitchbook

AI co-pilot expansion drives rising demand for Governance Platforms

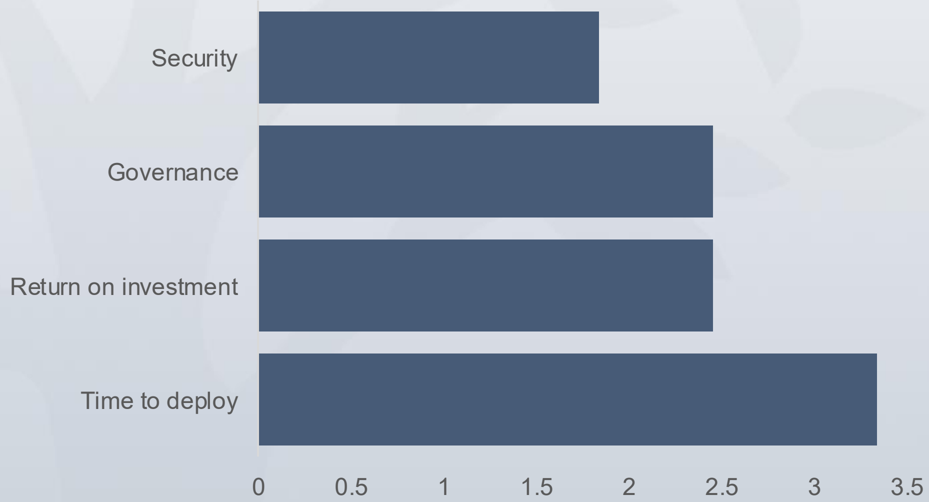
Watch this space

Enterprises expect to greatly increase their usage of co-pilots → But security and governance are their top priority

What % of your install base do you expect to have Copilot in the next 12 and 24 months?



What is your biggest concern when adopting a copilot? (1 = biggest concern)



Rencore

Matt Einig, CEO & Founder

“The next phase of enterprise AI will be defined by operational governance. As copilots and agents multiply across Microsoft 365, Power Platform, and business applications, organizations will need to move from static AI policies to adaptive control systems that monitor, classify, and govern AI in real time. Governance will become the foundation of trust in the AI-driven workplace”

Source: Jefferies

Contact details

Aman Ghei

Partner

aman@finchcapital.com

Eugénie Colonna d'Istria

Investment Manager

eugenie@finchcapital.com

Joe McHale

Associate

joe@finchcapital.com

Radboud Vlaar

Managing Partner

radboud@finchcapital.com

FINCH CAPITAL

Amsterdam London Dublin