

EMBARGOED UNTIL MONDAY, OCTOBER 10TH, 2025, 09:30 AM LISBON TIME

Shop Circle Unveils “The European Software Paradox: Big Market, Small Scale” at Web Summit 2025

Lisbon, 10 October 2025: Following its \$100 million Series B funding round announced in September, [Shop Circle](#), Europe’s leading AI-powered software platform, has released a new research report titled [The European Software Paradox: Big Market, Small Scale](#) (**The full report will be released and accessible online on Monday, October 10**), an in-depth look at why Europe builds exceptional software but struggles to scale it globally.

Despite producing world-class products, most European software companies remain sub-scale. According to the report, more than 50,000 European software firms generate over \$2 million in ARR, and around 13,000 exceed \$10 million, yet only 15–20 have reached true global scale. Roughly half of those are long-established incumbents, while the rest are buy-and-build success stories.

The study highlights several structural barriers:

- Fragmentation across 27 jurisdictions and 24 languages, which slows cross-border expansion.
- Funding inefficiency, with fewer than 1% of VC-backed firms reaching \$100 million ARR and European venture investment falling 79% since 2021.
- Operational scale limits, as smaller SaaS firms plateau around €150k ARR per employee versus €230k in larger consolidated platforms.

Yet the opportunity remains enormous. European IT spending is projected to reach \$1.28 trillion by 2025, up 8.7% year-on-year. A new generation of bootstrapped founders, disciplined in operations and focused on customer value, is redefining what sustainable software growth can look like.

“Europe doesn’t lack innovation, it lacks scale,” said [Luca Cartechini](#), Co-founder & CEO of Shop Circle. “Our mission is to bridge that gap by giving founder-led companies the infrastructure, AI capabilities, and operational support they need to grow sustainably and compete globally.”

The report argues that AI-powered consolidation, bringing independent software companies together under shared infrastructure, represents one of the few viable paths for smaller firms to scale sustainably, unlocking Europe’s unrealised potential. Within Shop Circle’s portfolio, average operating margins reach 35%, compared to a 9% median among standalone European SaaS businesses.

Shop Circle’s model has already demonstrated this thesis in practice, with 16 acquisitions completed in four years, 160,000 business clients worldwide, and top 1% talent density across its European hubs. Read the full report: [The European Software Paradox: Big Market, Small Scale](#)