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Rusnano Sistema and IIDF Are Investing RUB 110 Mln into Development of Virtual Dressing Rooms

Venture investment fund Rusnano Sistema (established jointly by Sistema JSFC and RUSNANO) and the Internet Initiatives Development Fund (IIDF) are investing 110 million rubles into Texel, a Russian startup. The company has been developing 3D scanning technologies for the fashion retail sector that enable customers to try on clothes online as well as help vendors increase their conversion rates and reduce the cost of retail returns. The scanning technology helps resolve issues stemming from different size charts of various garment manufacturers and mistakes in measuring one’s size.

This is the third funding round for Texel, earlier the company attracted investment from IIDF and Marks & Spencer. Texel plans to use the money generated at this stage to expand its presence in international markets.

Texel was founded in 2014 and in the next six years, the company has introduced several 3D scanning solutions for creating 3D human models onto the market. In fact, thanks to its Texel Portal MX 3D scanner, supplied to 23 nations, the company has managed to compile the largest database of color 3D scans in the world on its platform, comprising more than 105,000 models. Every month, more than 2,000 new scans are added to the database. Texel based two of its key technologies on it: precise parametric models of a body and its measurements generated using photographs taken with smartphones, and a generative neural network for trying on clothes online using a single photograph from a client. These innovative solutions as well as high quality data are at the foundation of virtual dressing room shapometry.com, which is currently undergoing closed beta testing.

According to representative of the Rusnano Sistema Fund Sergey Protas: “We expect the Coronavirus pandemic and restrictions associated with it to have a significant impact on the online retail sector. Changes in consumer behavior and a wider use of digital technologies will result in a substantial transformation of the fashion industry segment of the e-commerce market. Texel’s competitive advantage is its great team with substantial experience and technological competence, and its unique database of 3D human body models, essential for machine learning algorithms. The latest funding round involving Rusnano Sistema will help Texel scale up sales of its software designed for virtual dressing
rooms, and subsequently, attract investment from global players. According to our estimates, this market will be worth more than $7.5 bln by the year 2025.”

Portfolio Manager at IIDF Ilya Korolev states: “Texel’s technologies have evolved from large stationary scanners to a mobile application for modern smartphones. The company has been generating income throughout this journey. The team has managed to compile a unique database of body measurements, which helped it create parametric models that outshine many of the rival products in terms of accuracy of size measurements. The team’s competitive advantage is the depth of its expertise. The company continues to grow by developing products sought after in the market. All of this greatly encouraged us to invest in it.”

And here is what cofounder of Texel Sergey Klimentyev has to say: “The online market for clothing was the first to welcome the use of customers’ digital avatars. And other industries are expected to follow—health, fitness and wellness, virtual reality, computer games and film. And even though our products are still at their early stage of development, we’ve already received positive feedback from the market, and the investments will help us sustain our dynamic growth. We believe that it’s only a matter of time before each customer has their own digital avatar. We hope they will be used as extensively as Facebook, Instagram, Snapchat and TikTok thanks to Texel technologies.”

Virtual dressing rooms are a new trend in the world of technology spurred on by an enormous growth in the online retail sector. According to Statista, in 2019, the volume of online sales world-wide reached $3.53 trln, and this revenue is expected to increase to up to $6.54 trln by 2022. The Chinese market is also growing, with the e-commerce sector accounting for more than 40% of its entire retail sector.

Experts estimate that in 2018, $300 bln-worth of goods bought from US retailers were returned. According to a research study conducted by E&Y, problems with size attributed to 76% of returns by online shoppers.

RUSNANO Joint-Stock Company was founded in March 2011 through reorganization of state corporation Russian Corporation of Nanotechnologies. JSC RUSNANO contributes to implementation of the state policy on the development of the nanotechnology industry by investing directly and through investment funds of nanotechnology in financially effective high-technology projects providing the development of new production facilities in the Russian Federation. Its primary investment focus is in electronics, optoelectronics and telecommunications, healthcare
and biotechnology, metallurgy and metalwork, energy, mechanical engineering and instrument making, construction and industrial materials, chemicals and petrochemicals. 100 percent of RUSNANO’s shares are state owned. Thanks to RUSNANO’s investments, there are currently 115 factories and R&D Centers opened in 37 regions in Russia at the end of 2019.

Management of assets of RUSNANO JSC is carried out by Limited Liability Company established in December 2013, RUSNANO Management Company. Anatoly Chubais is the Chairman of its Executive Board.

Work to establish nanotechnology infrastructure and carry out educational programs is fulfilled by RUSNANO’s Fund for Infrastructure and Educational Programs, which was also established during the reorganization of the Russian Corporation of Nanotechnologies.

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Rusnano Sistema is a $100 million venture investment fund. It was jointly established by JSFC Sistema and RUSNANO in August 2016 in Luxembourg, originally for 7 years, with the possibility of extending this period and attracting co-investors to the fund. The fund’s focus is the technology sector. The average investment in a company in its growth stage or late venture stage with a viable product ranges from $3 to 10 million.

For more information about the Fund, please visit https://www.rss.vc/

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Texel, since its inception, has launched a number of deep-tech solutions aimed at creating parametric models of human bodies on the market. In 2019, the team was selected to take part in the Founders Factory accelerator and attracted investment from Marks & Spencer (a top 10 garment producer in the world) and ended up launching a number of pilot projects with the manufacturer. Texel is a portfolio company of IIDF and resident of the Skolkovo center. At present, the list of company’s clients already includes the biggest clothing retailers and manufacturers, such as Marks & Spencer, Outlet Village Belaya Dacha, international holding company Vostok-Service as well as Gazprom Neft PJSC, a large consumer of workwear. Lamoda is conducting closed testing of the Texel application.

For more information about the Fund, please visit https://texel.graphics/