

## SEP Policy Workshop European Startup Scene

4th May 2015, European Parliament, Brussels

The “SEP Policy Workshop: European Startup Scene” was held in Brussels on the 4th of May 2015 at the European Parliament. A panel of expert speakers discussed about the challenges facing the European startup ecosystem with a specific focus on Italy, Spain, France and the United Kingdom.

The workshop kicked-off with some introductory remarks by the Member of the European Parliament **Eva Paunova** who co-hosted the event. She focused on the growth of the startup environment in Europe, encouraging to realize concrete actions to support entrepreneurs, and on the role of policy-makers in this ecosystem: *“Europe needs synchronized rules and policies that create certainty for businesses, encourage innovation and help startups to develop at national and international level.”*

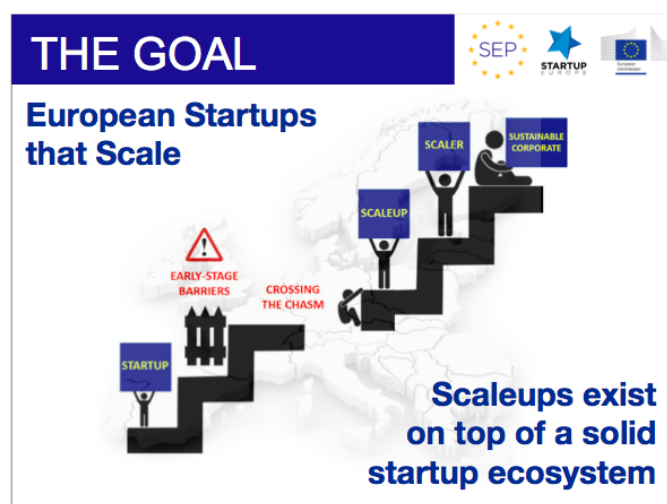


From left to right: Alberto Onetti, Eva Paunova MEP, Riccardo Luna

**Alberto Onetti**, Chairman of the Mind the Bridge Foundation & Coordinator of the Startup Europe Partnership (SEP) initiative, gave an overview of the key SEP activities announcing that thanks to the SEP matching events 79 startups have been so far selected and 13 corporates involved in the initiative. Alberto promoted SEP as a *“Cross-Industry Pan-European Open Innovation Platform”* and the importance of an internal communication channel for the European Investment Fund and European Commission with European and international top notch Investors/Accelerators.

Alberto presented also some preliminary results of the SEP mapping exercise, anticipating the new SEP monitor issue to be published in May focused on Italy, France, Spain, UK and Germany.

The research showed the presence of over 1000 *scaleups* (= over \$1M raised with the last funding event in the last 5 years) in these 5 countries, with the UK having double the scaleups of Germany and France, and four times more than the Mediterranean countries. The research showed also that the main sectors of Europe's tech startups are Software Solutions and E-commerce. Alberto's presentation covered also the differences in capital raised by country with UK scaleups raising 28 times more financing than Italian startups. The main funding gap to be closed is startup financing access to the stock market again with a massive disparity between UK scaleups and scaleups in other countries.



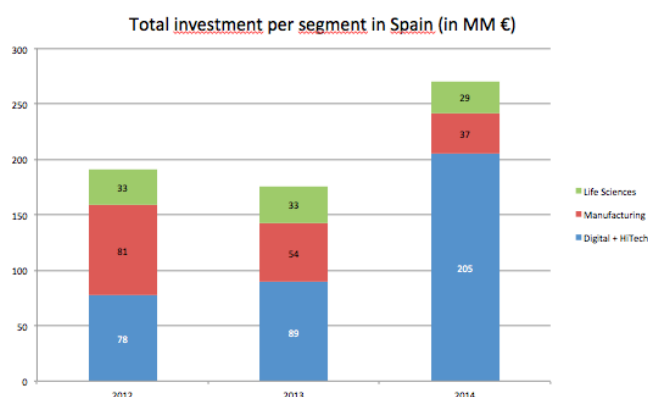
**Riccardo Luna**, Digital Champion of Italy, described the Italian startup ecosystem and how this phenomenon is at the moment high on the national policy agenda, with politicians realising the potential of this sector and being willing to act in order to facilitate procedures and promote the development of new ideas.

Riccardo presented some Italian “best practices” amongst which PizzaBo founded by Christian Sarcuni in the food sector and Okairos founded by Riccardo Cortese in the biotech sector, stating that, according to recent data, in Italy there are 3711 official startups, with an average of 6 new startups created every day, 30% of which are in the software sector. Lombardia and Milan are the national leaders in this ecosystem, with Modena and Trento in second and third position. Riccardo pointed out how there is plenty of data proving that the Italian startup ecosystem employs over 3000 people and has around 15000 members but little data answer the question of how much revenue these startups generate.



**Liz Fleming**, VP International at Spain StartUp, illustrated the evolution of the Spanish startup ecosystem showing a 40% increase in investments in the digital & ICT sector since 2012, with 51,3% of the funds coming from the US (source: Venture Watch).

**+40%**



Source: ASCRI, Web Capital Riesgo

Liz affirmed the importance of nurturing youngsters' talent through earlier exposure to entrepreneurship and the use of cutting edge methodologies and technologies, and described how also the Spanish government is now implementing actions to support this ecosystem, together with big corporates setting up funds and programmes tailored to support promising entrepreneurs (Santander's innovation Fund, BBVA's Open Talent amongst others).

Liz's recommendations for the future include the need of more stock options, of a continue capital injection, of highlighting role models and create exits options.



**Alice Zagury**, CEO of TheFamily, tried to demolish some of the “clichés” that could worry innovative people to work in the startup sector (long working hours, high taxes, bureaucratic inertia), while describing the French startup ecosystem as characterised by a vibrant early-stage investment environment with \$1B invested every year in over 700 companies, and 40-50% of startups concentrated in the French capital Paris. Along with Accel Partners, Index Ventures and Balderton Capital, that are the most active VCs in the country, Alice listed many other funds currently active in the French ecosystem, as well as a number of high profile exits in the last year. France is also home of many “unicorns” amongst which vente-privee.com, Deezer and Dailymotion.

Alice finally addressed the fact that *“Europe won’t be one ecosystem as long as there is not one legal status for a European corporation”*, underlining the importance of creating a unique legal status with its own legislative framework so to avoid the legal and practical constraints caused by different national legal, tax and banking systems.



**Wouter Debeyne**, Senior Trade & Investment Adviser at UK Trade & Investment, gave an overview of the startup ecosystem in the UK describing it as made up of 21 vibrant digital technology clusters with various expertise. Although the highest concentration (volume of businesses within area) of startups is in London, 74% of UK digital companies are based outside the capital.

Wouter invited entrepreneurs to take advantage of the massive opportunity presented by the digital revolution, and reiterated the need for policy-makers to continue to support startups.

## Recommendations...

### ***Bridging startups to established businesses***

Currently, startups and corporates remain to a large extent fragmented and disconnected from each other. Due to this reason, initiatives like the Startup Europe Partnership, which attempts to narrow – or even completely delete – this distance, represent a powerful vehicle with a great potential to speed up the process of creating global players from European companies.

The European Commission should therefore further promote and support coordinated activities aiming at mutual collaboration between these actors.



### ***Educate youth to the acceptance of risk***

During the debate, speakers pointed out at the fact that by the time most students leave university their willingness to take risks drops dramatically, and with it the likelihood that they will start or join a startup.

It is therefore recommended that European high-schools adopt their curricula in such a way that their graduates will be able and willing to set up their own startups after having made an informed decision based on the knowledge acquired during the courses.

### ***Avoid promoting regional initiatives***

In order to re-start and boost the European economy, Europe urgently needs many scaleups and scalars at pan-European or worldwide level that would create many new jobs. However, it became apparent that the ongoing regional initiatives, which aim at creating and supporting local startups, do not contribute to the creation of truly European scaleups and scalars.

It is therefore recommended that resources should be allocated and distributed to those initiatives that promote startup ecosystem at European level (instead of local).

### ***Continue with the mapping activities***

Policy-makers, journalists, researchers but also actors of various startup communities including business accelerators and investors often operate with only fragmented datasets from the European startup domain. The statistical evidence about this phenomenon is still rather scarce and scattered across various sources presenting the subject in an unstructured and incomplete manner. The mapping exercise performed in the framework of the SEP initiative brought some light into the problem but further research has to be made in order to capture the full picture.

It is therefore recommended that the European Commission supports activities that would continue with the existing mapping and data mining activities.



**For more information:**

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