Scale-Up Europe

How to build global tech leaders in Europe

The faces of Scale-Up Europe

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How to build
global tech
leaders in
Europe

Contents

Key dates

December
2020

Scale–Up Europe initiative announced by President Emmanuel Macron

March
2021

Kick off event at Station F in Paris

May
2021

End of workshops

February
2021

The initiative is launched on Sifted.eu

April
2021

Start of workshops / consultations to define recommendations to scale up European tech

June
2021

Recommendations presented to President Macron and other stakeholders from EU member states alongside this report

French President Emmanuel Macron announced the Scale Up Europe initiative in a video interview in December, alongside Niklas Zennström

— The Scale-Up Europe Manifesto

Scale-Up Europe is a call to join forces around startups: to reinforce Europe's sovereignty, develop the prosperity of our economies and societies, and achieve the objectives of social cohesion and climate transition that are at the heart of the European project.

We, founders and startups, corporations, investment funds, industry groupings and other innovation ecosystem stakeholders, are joining forces as a community and stepping up to respond to the opportunities and challenges that await our continent.

Over the past decade, Europe has built a prosperous, fast growing and resilient startup ecosystem that attracted €40bn+ in 2020 — sixfold the investment of 2010 — and spawned global scale-ups including 70+ unicorns, creating more than 2 million jobs.

Looking forward, we are convinced Europe can reach the next level, and have set an **ambition for the continent to become home to 10 technology companies each valued at more than €100bn by 2030.**

We believe that investing in disruptive tech and growing leaders able to harness the potential of the current industrial revolution are of critical importance for our continent, for at least three reasons:

- What is at stake is not only our ability to stay at the forefront of innovation, but also whether we can maintain a major role in the balance of international power and establish our own rules and standards.

- Tech and startups are at the heart of the prosperity of our economies and societies. They generate millions of jobs across a range of skills and sectors and, by creating significant value, they are well positioned to help preserve our European social model.

- Achieving the objectives of social cohesion and climate transition, that are at the core of the European project, will not be possible without the contribution of entrepreneurs.

We have identified five key challenges on Europe's road forward:

1 **Appropriate funding from European investors is missing in the late and exit stages of the ecosystem, in particular at IPO stage.**
The right balance has to be found between expertise, favourable regulation for private investors, as well as an efficient multiplicator effect for public money.

2 **European startups are fighting to attract the best talent and are not sufficiently open to diversity.**
A more open, less fragmented pan-European market is key to winning the global battle for startup talent. In this respect, diversity is a strong enabler to be placed at the core of our ecosystem.

3 **Europe is still behind on developing deeptech scaleups.**
Creating appropriate funding mechanisms, that bring together the science and business worlds to channel research efforts, are appropriate levers for Europe to become the world's deeptech powerhouse.

4 **Efficient collaboration between startups and corporates has to be enhanced.**
Promoting winning collaboration models, understanding cultural differences, increasing mutual understanding and facilitating startup takeovers by European corporates are appropriate tools to bridge the startups and corporate gap.

5 **For these ideas to reach full bloom, further investment in coordination and execution needs to be made at the European level.**
Scale-Up Europe needs to graduate from a report to a fully-fledged initiative, with both the capacity and the mandate to help transform this report into reality.

European leaders have shown they have grasped the importance of the startup economy. That is why the Scale-Up Europe community has worked in recent months towards issuing a set of the most game-changing recommendations, geared towards the European Commission, our national governments and our startup ecosystems. The Scale-Up Europe community has come together to facilitate mutual understanding, urge action and guide it.

Founding members

The ~170 tech leaders and ~30 start-up associations who committed to the Scale-Up Europe initiative

Renaud Allioux, Preligens

Bulent Altan, Mynaric

Christian Angermayer, Apeiron investments

Giulia Balestra, UNHCR, the UN Refugee Agency

Olga Barreto Goncalves, Startin.lv

Sophia Bendz, Cherry Ventures

Marguerite Bérard, BNP Paribas

Elina Berrebi, Gaia Capital Partners

Matthieu Beucher, Klaxoon

Csongor Bias, Startup Hungary

Maximilian Bittner, Vestiaire Collective

Benedikt Blomeyer, Allied for Startups

Mathias Bohge, R3 Echo Ring

Hans-Christian Boos, Arago

Kat Borlongan, La French Tech

Jan Bormans, European Startup Network

Ivo Boscarol, Pipistrel Aircraft

Jean Bourcereau, Ventech

Pieterjan Bouten, Showpad BVBA

Michael Brehm, Redstone

Nicolas Brien, France Digitale / ESN

Olivier Brousse, Veolia

Eileen Burbidge, Passion Capital

Bertile Burel, Wonderbox

Lucien Burm, Dutch Startup Association

Pascal Cagni, Business France

Claire Calmejane, Société Générale

Moussa Camara, Les Déterminés

Malin Carlstrom, ABB Ltd.

Regis Cazenave, Reliasol

Nicolas Celier, Ring

Phil Chambers, Peakon

Jonathan Cherki, Contentsquare

Giorgio Ciron, InnovUp

Nathalie Collin, La Poste

John Collison, Stripe

Philippe Collombel, Partech

Bruno Cremel, Partech

Jean-Michel Dalle, Agoranov

Soraya Darabi, TMV

Cristian Dascalu, Romanian Tech Startups Association

Juan de Antonio, Cabify

Alexander de Carvalho, Public

Eva de Mol, CapitalT

Eric de Montgolfier, Invest Europe

Alix De Sagazan, Ab Tasty

Olivier de Panafieu, Roland Berger

Marie Degrand-Guillaud, Compte Nickel

Bertrand Diard, Serena

Daniel Dines, UiPath

Diego Docavo, Spanish Startups

Pierre Dubuc, Open Classrooms

Nicolas Dufourcq, Bpifrance

Osman Dumbuya, CGI Studios

Xavier Duportet, Eligo Bioscience

Nicole Eagan, Darktrace

Erik Ekudden, Ericsson

Martina Fitzgerald, Scale Ireland

Antoine Flamarion, Tikehau Capital

Sebastian Fuchs, SUP46 (Start up people of Sweden)

Lukasz Gadowski, Team Europe

Dominique Gaillard, Ardian

Nicolas Gaume, Space Cargo Unlimited

Alain Godard, EIF / FEI

Jan Goetz, IQM

Irene Gomez Luque, Telefonica

Joerg Goschin, KfW Capital

Gunnar Graef, Deutsche Ventures

Jean-Laurent Granier, Generali

Charlotte Gréant, Startups.be

Gerard Grech, Tech Nation

Benoist Grossmann, Idinvest

Paula Groves, ImpactX Capital

Christian Hecker, Trade Republic

Patrick Hertzog, Nexthink

Karoli Hindriks, Jobbatical

Taavet Hinrikus, Wise

Klaus Hommels, Lakestar

Antoine Hubert, Ynsect

Thibaud Hug de Larauze, Back Market

Vincent Huguet, Malt

Cayetana Hurtado, Balderton

Jeremy Jawish, Shift Technology

Carole Juge-Llewellyn, Joone

Michal Kardos, Sapie

Bryce Keane, Atomico

Erwan Keraudy, Cybelangel

David Khuat Duy, Ivalua

Anton Kotov, ABB Ltd.

Camille Kroely, L'Oréal

Eric La Bonnardière, Evaneos

Denis Lacroix, Amadeus

Martina Larkin, World Economic Forum

Jean-Yves Le Gall, CNES

Franck Le Moal, LVMH

Alexandre Le Vert, Osivax

Yann Lechelle, Scaleway

Martine Legendre, Allianz

Bernard Liautaud, Balderton Capital

Christian Lindener, Airbus

Linda Liukas, Rails Girls

André Loesekrug-Pietri, JEDI

Jouni Lounasmaa, Startup Foundation

Deborah Loye, SISTA

Nicolas Macquin, Vitruvian Partners

Elke Manjet, SAP

Alexandre Margoline, Permira

Daniela Marino, Cutiss

Nenad Marovac, DN Capital

Alison Martin, Zurich Insurance

Tobias Martinez, Cellnex

Ricardo Marvao, Beta-i

Carlos Mateo, Asociación Española de Startups

Marie Mawad, Sifted

Frederic Mazzella, Blablacar

Patrick Mendes, Accor

Daniel Metzler, ISAR Aerospace

Sacha Michaud, Glovo

Johanna Michielin, CNRS Innovation

Christian Miele, German Startups Association

Martin Mignot, Index Ventures

Virginie Morgon, Eurazeo

Belen Moscoso del Prado, Sodexo

Emilie Mouren-Renouard, Air Liquide

Michiel Muller, Picnic

Finn Murphy, Startup Ireland

Ali Niknam, Bunq

Stanislas Niox-Chateau, Doctolib

Nathalie Nodin, Veepee

David Nothacker, Sennder

Adrien Nussenbaum, Mirakl

François Nuyts, Allegro

Marie-Paule Odini, Hewlett Packard Enterprise

Bastien Oggeri, Innovafeed

Abadesi Osunsade, The Hustle Crew

Antoine Papiernik, Sofinnova

Pär-Jörgen Pärson, Northzone Ventures

Clark Parsons, Deutsche Startups

Michel Paulin, OVH Cloud

Eve Peeterson, Startup Estonia

Fleur Pellerin, Korelya

Nicolas Peter, BMW

Nicolas Petrovic, Siemens

Magdalena Piech, European Tech Alliance

Oscar Pierre, Glovo

Evgenia Plotnikova, Dawn Capital

Stefano Porcari, Saipem SA

Marketa Prenosilova, Czech Invest

Caroline Ramade, 50inTech

Juliette Ranty, Viva Technology

Markus Raunig, Austrian Startups

Johannes Reck, GetYourGuide

Thibault Remy, Meilleurs Agents

Hanno Renner, Personio

Florian Reuter, Volocopter

Rasmus Rothe, Merantix

André-Hubert Roussel, Arianegroup

Matej Rus, Startup Slovenia

Jean-Charles Samuelian, Alan

Guillaume Santamaria, InfraVia

Simon Schaefer, Startup Portugal

Ulrich Schmitz, Axel Springer

Helmut Schoenenberger, UnternehmerTUM

André Schwämmlein, Flixbus

Patrice Selles, Biotalys

Cem Sertoglu, Earlybird Venture Capital

Naren Shaam, Omio

Christian Sinding, EQT

Matt Smith, Startup Britain

Reshma Sohoni, Seedcamp

Markus Solibieda, BASF VC

Loïc Soubeyrand, Swile

Kinga Stanislawska, Experior Venture

Lars Stenqvist, Volvo

Mirjam Storim, BMW

Pierre-Emmanuel Struyven, Supernova Invest

Dharman Sury, Data4

Christophe Tallec, Hello Tomorrow

Maximilian Tayenthal, N26

Julian Teicke, Wefox

Stephane Tholander, France Biotech

Emmanuel Thomassin, Delivery Hero

Etienne Tichit, Novo Nordisk

Nigel Toon, Graphcore

Rafaèle Tordjman, Jeito

Henning Trill, Bayer

Maarika Truu, European Startup Network

Laura Urquizu, Red Points

Dan Vahdat, Huma

Pasi Vainikka, Solar Foods

Pieter van der Does, Adyen

Constantijn van Oranje Nassau, Techleap

Roxanne Varza, Station F

Ivan Vassilev, BESCO

Ersilia Vaudo, ESA (European Space Agency)

Vicente Vento, DTCP

François Véron, NewFund

Grégoire Vigroux, Fenix

Julien Villeret, EDF

Markus Villig, Bolt

Robert Vis, MessageBird

Isabelle Vitali, Sanofi

Grazia Vittadini, Airbus

Alexander von Frankenberg, High Tech Gründerfonds

Jenny Wang, Re-inc

Check Warner, Ada Ventures

Thomas Ybert, DNA Script

Panos Zamanis, Hellenic Startup Association

Niklas Zennström, Atomico

Matthias Zwingli, Digitalswitzerland

Executive summary

Scale-Up Europe gathers a select group of 170+ of Europe's leading tech founders, investors, researchers, corporate CEOs and government officials around the same goal: to accelerate the rise of global tech leaders born in Europe in the service of both progress and technological sovereignty.

Initiated by President Emmanuel Macron, the Scale-Up Europe initiative focuses on four key drivers: deeptech, startup-corporate collaboration, talent and investment.

The founding members kicked off a collective debate on these themes on March 4, continuing the discussion through workshops and open consultation. Together, we've committed to a manifesto outlining ambitions for European tech, and defined a strategy and roadmap to be presented to heads of state later this year on how to scale the tech ecosystem to the next level.

21 recommendations for scaling European tech

INVESTMENT

For public authorities:
1. Leverage the multiplier effect of public funding at EU level
2. Create a favourable ecosystem for the listing of tech companies on European stock markets
3. Boost private financing toward the high-performing VC asset class
4. Develop secondary markets in growth assets

For the ecosystem:
5. Develop visibility and information on the performance of European VCs

TALENT

For public authorities:
6. Create a tech worker status for European talent, with a standardised contract and the portability of social rights across the continent

7. Create a fast-track European tech visa for non-Europeans and a favourable expat tax regime
8. Establish competitive stock option schemes in European countries and then align best practices Europe-wide

For the ecosystem:
9. Develop a European diversity rating based on tech companies' reporting
10. Develop an international culture early on in startup development with English as the working language
11. Help foreign employees settle in, for example with aid schemes for opening bank accounts and finding housing

DEEPTECH

For public authorities:
12. Create standardised patent transfer framework to accelerate technology transfers out of universities, and between startups and big companies
13. Boost the role and visibility of the European Innovation Council (EIC) by promoting a long-term deeptech roadmap complete with public procurement schemes, and adapted funding and administrative support
14. Modernise regulations to take into account breakthrough innovations
15. Promote a specific action plan for European public banks, the EIC and European Investment Fund (EIF) to help funds adapt to deeptech requirements

For the ecosystem:
16. Foster entrepreneurship within universities by: (i) adapting curricula, (ii) encouraging connections between disciplines, (iii) integrating entrepreneurs/VCs in university bodies

STARTUP-CORPORATE COLLABORATION

For public authorities:
17. Establish a tax credit for European corporates investing in European startups
18. Adopt a Small Business Act for business administrations that will benefit startups

For the ecosystem:
19. Elaborate a charter of reporting and best practices on collaboration (open innovation, procurement) and takeovers
20. Develop an Erasmus inspired exchange programme for tech allowing employees to move seamlessly between startups and bigger companies

TRANSVERSAL

21. Launch a European tech mission committed to strengthening the European startup community and furthering the Scale-Up Europe roadmap

— What it takes to scale up European tech

Despite the challenges of the Covid-19 pandemic, 2020 was a good year for European startups and technology. Record levels of venture capital investment flowed into innovative new companies, and the digital transformation of larger corporations continued at pace. At the same time, startup-friendly reforms by governments and an ongoing change in how talented young graduates see entrepreneurship have put Europe in a better position than it has ever been to capitalise on digital trends.

But Europe still lags behind the US and Asia in areas such as investment and the development of key technology. If the region is ever going to close the gap and leverage tech innovation to develop its economies and pursue its social ideals, it needs to up its game another level.

With that ambition in mind, more than 170 of Europe's entrepreneurs, researchers, investors, corporates and politicians have convened in recent months to discuss, debate, and come up with a series of recommendations on key themes of focus as part of the Scale-Up Europe initiative.

A consensus has emerged that to get more investors and international talent to notice Europe, the region needs to better deploy its competitive advantages — from brilliant brains to a market that potentially spans over half a billion consumers. And it needs to get well-established corporations on board with the next digital revolution too. Developments in the fields of artificial intelligence, quantum computing and cybersecurity, among others, are seen as key not just to economic growth in the coming years, but also having wider strategic, political and social implications.

There are four key areas where action is critically needed to help turn European startups into future global tech leaders: investment, talent, deeptech and startup-corporate collaboration.

A.

Investments

Can Europe turn record startup funding into a sure thing?

The amount of funding raised by European startups has been on a spectacular growth path over the past decade, and the region has both attracted more global investors and been able to deliver bigger funding rounds for its tech ecosystem. In fact, according to VC fund Atomico, 2020 was a record year for European investments, reaching $41bn in early December.

On the whole, the year demonstrated Europe's ability to navigate the challenges brought about by the Covid-19 crisis and confirmed the overall positive trend that has been building up in recent years. Progress so far also proved Europe is capable of delivering more of the larger fundraising rounds it needs to grow global champions, as well as attracting a record number of American investors.
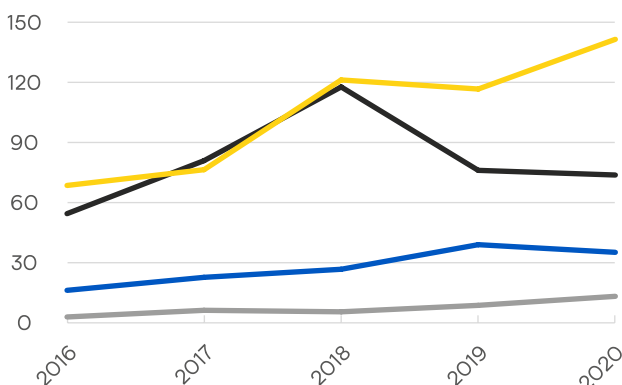
Now, the region needs to use this momentum as a stepping stone to further deepen its financing pool, and catch up to the still much bigger envelopes invested in US and Asian startups.

THE PROBLEM

European investment remains five times less than North America's $141bn for this year. $74bn was invested in Asia in 2020, where there's been a continued decline of investment into Chinese private tech companies amid trade wars with the US — on top of attempts by Donald Trump's administration to block technology providers from China.

There's ground to make up, but it's clear that Europe is steering itself in the right direction. The overall success of 2020 was driven most notably by the increase in so-called 'megarounds', ranging from $100m to $250m, which for many years had been one of Europe's most pressing weak points — so much so that some compared European startups to a "forest of bonzaïs" given the lack of more developed, 'bigger' trees.
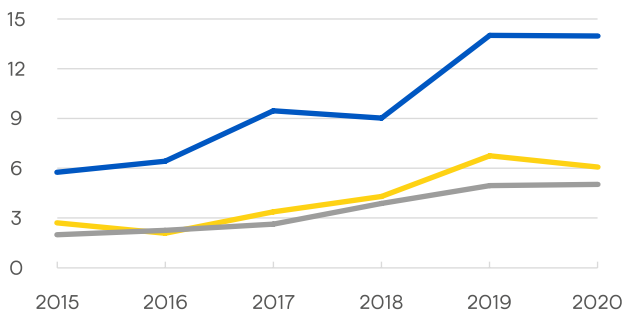
Money flowing to startups
Capital invested ($bn) in Europe, North America, Asia and Rest of World by year

— **EUROPE**   — **NORTH AMERICA**   — **ASIA**   — **REST OF WORLD**

Source: Atomico and Dealroom

France grew VC investment in 2020 despite Covid-19
VC Investment (€bn) into tech startups across
major European ecosystems

— UK — GERMANY — FRANCE

Source: Dealroom, as of June 2021. Excludes SPACs and grants.

Money pours into venture
Global capital flows (€bn) into venture capital
by region

— USA — EUROPE — ASIA — REST OF THE WORLD

Source: Dealroom, as of June 2021.

This year, the top 10 largest rounds alone raised $4.1bn, or 16% of total capital invested in Europe in the first nine months of 2020. The companies that benefited from those megarounds came from all corners of the continent, including: Sweden's Klarna ($650m) and Northvolt ($600m); the UK's Revolut ($580m), Karma Kitchen ($317m) and Cazoo ($310m); Germany's Auto1 Group ($300m), Lilium ($275m) and Tier ($250m); France's Mirakl ($300m) — as well as Romania's UiPath ($225m).

> **" The overall success of 2020 was driven most notably by the increase in so-called 'megarounds'."**
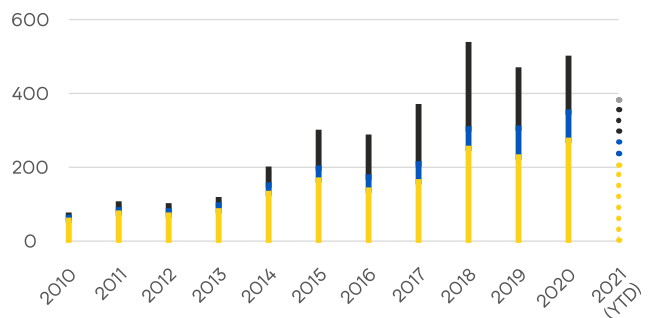
Not all countries can boast these figures. Looking at country trends on a year-by-year basis, France is the only one of Europe's three largest markets to grow in 2020. The country had already seen investments in startups increase nearly threefold between 2015 and 2019, showing a net acceleration, albeit with a broader gap to fill. Thanks to the uptick in investment, France exceeded €5bn in capital invested in 2020 for the first time. Paris is now Europe's number two hub for startup investment — it's number one if you count London out of Europe after Brexit.

France was the first EU country to step in with a generous bailout package last year, which included a €4bn cash injection for its startups, and additional measures such as furloughing ("chômage partiel") that have also helped companies adapt quickly. Other European governments quickly followed with bailout packages and startup-specific measures of their own.

In doing so, policymakers have likely avoided a lasting dent into the positive investment trend of recent years. While Covid-19 lockdowns have caused some deals to be delayed, what remains is a stockpile of 'dry powder' that's expected to be poured into tech companies. In France alone, state-backed Bpifrance estimates there's about €10bn in investors' pockets waiting to be deployed into startups of different sizes.

Prospects for future improvement in scaleup performance will rely on Europe's ability to keep growing its pool of investors. Part of that will come from attracting more global technology investors. Another part will depend on getting more international fund managers to discover the European tech scene and inject money into new homegrown funds.

For existing investors, there's also a preoccupation with creating more exit opportunities, especially as the number of bigger — more mature and better valued — startups seeking stock market listings in Europe is still limited. Successful exits are crucial for seeding the next generation of founders. To boost the pipeline of tech IPOs, executives from Euronext teamed up with

can prove fragile in the context of trade tensions, including former US President Trump's push against Chinese tech providers like Huawei. Europe needs an investment reserve that is structured in such a way that the region can rely on homegrown VCs and private equity firms, as well as US and Chinese tech investors.

What's at stake in the end is the ability to turn a five or 10 year trend into a lasting long-term state of play.

EXPONENTIAL GROWTH PATH

"The European tech market is worth $2tn. It took decades to achieve the first trillion, but just a few years to double that," says Niklas Zennstrom, chief executive and founding partner of Atomico. "At least an additional $2tn will be produced by European tech within the next 10 years."

Zennstrom is one of several investors in Europe who are convinced the region's startup scene is going to continue accelerating, on an exponential growth path. Still, that optimism hasn't clouded judgments, among local financiers, that changes are needed to make sure the trend from the past decade doesn't reverse.

IMAGE: Northvolt facilities

counterparts in La French Tech last year to offer training and meetups specifically designed for startups preparing for the stock market.

WHAT'S AT STAKE

In recent years, the region has shown its ability to attract, sustain and point investments in the right direction to lay the foundation for several promising trends.

One is the emergence of future breakthrough technology, through supporting deeptech innovation. Another is the accelerated digital transformation of the region's economy. Now, Europe has an opportunity to build on current momentum and foster further interest from investors for its startups. That means being able to attract funding for more 'megarounds' — crucial to the region's ability to spawn global tech champions, as well as making sure the money is flowing into smaller rounds at all stages of startup development.

Furthermore, China's situation in recent years has given a demonstration of how overreliance on foreign investors

66 The European tech market is worth $2tn. It took decades to achieve the first trillion, but just a few years to double that."

Niklas Zennstrom, chief executive and founding partner of Atomico

In May, Atomico's Zennstrom and Bpifrance chief executive Nicolas Dufourcq hosted VCs such as Northzone and Korelya, and startup groups including Invest Europe, at a Scale-Up Europe workshop. There, they brainstormed how tech regulation should evolve, as well as what needs to change within European VCs themselves.

Zennstrom is an advocate for the emergence of more homegrown VCs who can pitch in on bigger fundraisings and back the growth of new global giants. In contrast, more than half of the money going to megarounds (over €100m) in Europe today is actually coming from foreign investors, he says. Another issue with relying too much on foreign investors, especially in the later funding rounds, is that there's a bigger chance that the startups raising money end up seeking a stock listing abroad too, says Zennstrom.

66 We need to create asset managers across Europe who are tech savvy, and analysts who can dig into the business models of companies that are more and more complex."

Nicolas Dufourcq, chief executive of Bpifrance

"We have more capital coming in, but we also have to make sure we have a very robust pool of capital across all stages, from angel investing to seed, venture and growth, and also on the public markets," Zennstrom said at the Scale-Up Europe kickoff in March. "There's more to do on that front. We need to make sure European companies are being listed in Europe."

One way to spawn more Europe-wide multinational growth funds is to better connect different startup ecosystems and encourage consolidation, says Bpifrance's Nicolas Dufourcq. The risk otherwise is that US funds with deeper pockets get to cherrypick the best startups, he says.

"We need to improve some elements of the chain," says Dufourcq. "We're not where we need to be on the stock markets. We need to create asset managers across Europe who are tech savvy, and analysts who can dig into the business models of companies that are more and more complex. We don't have enough of that."
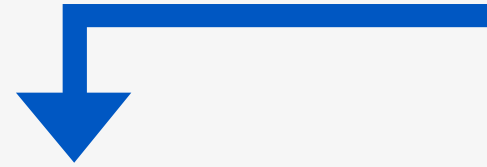
The key themes of
startup
investment

Bigger homegrown financiers
How can Europe develop more homegrown investors that are able to take on bigger rounds?

Investment drivers
To what extent is the 'tech for good' movement a draw for investment in Europe?

Exits
How can the continent create exit opportunities for founders and early or growth stage investors?

IPOs
How can Europe pave the road to a stock listing for startups?

State money
Are Europe's startups too reliant on state money?

A more attractive Europe
What are the region's selling points (and weaknesses) when it comes to attracting more US and Asian investors?

Investment recommendations

As part of the Scale-Up Europe initiative, participants worked on determining ways in which Europe can take startups funding to the next level. That includes overcoming the Covid-19 pause and, beyond it, growing the pool of investors and spawning bigger funds that can take the baton and facilitate exits. Attracting global financiers should be a key part of the plan, as well as facilitating the road to IPO.

Here are the Scale-Up Europe community's recommendations on investment.

FOR PUBLIC AUTHORITIES

Leverage the multiplier effect of public funding at EU level

- Increase the EIF investment capacity to seed 10-15 funds larger than €1bn each, via the creation of a sovereign funding structure leveraging private capital (structures that could include layered funds and/or a mix of equity and debt)

- Enhance collaboration with public banks and encourage further partnership between public banks and the EIF, for example on eligibility criteria for funds, notably geographic, without automatic alignment

- Implement additional 'non-diluting' instruments for startups, such as loans or non-voting stocks, favouring a multiplier effect

Create a favourable ecosystem for the listing of tech companies on European stock markets

- Include in the European sovereign LP mandate the support of pre-IPO and transition funds, notably by including investment in pre-IPO and post-IPO crossover funds

- Deploy a set of tools to encourage the deepening of the market:

  → Help scaleups during pre-IPO phase with dedicated training

  → Encourage the buildup of experienced tech analyst teams, notably within asset managers

  → Develop a European SPACs [special-purpose acquisition company] model with longterm commitment for sponsors by establishing harmonised criteria for admitting SPACs on stock markets

  → Allow multiple voting rights for founders on listed companies to increase the attraction of an EU listing

Boost private financing toward the high-performing VC asset class

- Train and mobilise limited partners (LPs) to invest in VC as a way to diversify their portfolio. This move should be aided by a thorough educational effort led at a high political level and backed by robust quantified analyses

- Participate in Basel/Solvency/AIFMD/MIFID regulatory renegotiations to obtain favourable conditions for VC investment and advocate for supportive policies limiting threshold effects

- Foster better access for retail investors to VC vehicles by adapting current laws (e.g. one thing to look at is the definition of semi-professional investors in the AIFMD and MIFID directives)

- Encourage the harmonisation of foreign direct investment laws between European countries, notably by reviewing the application of EU rules

Develop secondary markets in growth assets

- Create incentives for secondary investors to boost their involvement in VC funds

- Support the development of platforms enabling secondary operations in VC

- Encourage the creation of annual liquidity windows for investment in startups in VC and growth fund term sheets

FOR THE ECOSYSTEM

Develop visibility and information on the performance of European VCs

- Launch a public billboard of European VC funds performance based on voluntary contribution by participants, with the possibility for LPs to access a detailed level of anonymised information on returns

- Support and strengthen the market by better advertising the European ecosystem; also, use existing events for targeted promotional opportunities

- Push GPs to further report on their environmental, social and governance (ESG) performance, as a comparative advantage versus the US or Asia, and foster alignment on ESG criteria by public banks and the EIF

B.

The battle for talent

Ideas on diversity and attracting the best

Europe has boosted investments in its startups as well as gotten smaller companies and bigger corporates to work together more and more. Now, the region's entrepreneurship and technology ecosystem needs to broaden its talent pool.

To deploy its full innovative potential, Europe needs to go beyond just giving rise to startups that reflect the interests and abilities of a select few. For now though, entrepreneurship isn't equally accessible to everyone, and neither is a career in tech. And while the situation isn't specific to Europe, it is a problem the region needs to tackle with more gumption.

Despite efforts in recent years aimed at improving the diversity of entrepreneur profiles and talent at startups, young white men from privileged backgrounds are still overrepresented. So are Europe's capital cities, and its best-known engineering schools.

There's no question about the quality of tech talent in Europe today. The continent has demonstrated its ability to spawn some of the world's most qualified candidates in fields including science and engineering, and even attract some of the brightest to entrepreneurship.

But the more startups and technology come to symbolise potential for Europe's future — hope that it can spawn the next tech breakthrough, upgrade its economy for the digital age, create jobs and have a voice on the global stage — the more the tech scene needs to become diverse and inclusive. The more it is also pressed to tap new profiles to feed its progress. On that front, the current situation is reason to worry.

All male teams dominate funding rounds in 2020

Source: Europeanstartups.co

All male team	One or more female
85%	15%

IMAGE: Czechitas

THE PROBLEM

Last year, 85% of startup funding went to all-male founding teams. But what's perhaps worse is that in looking at deals by gender composition of founding teams over time in different European countries, Atomico has noted there's barely been any change at all for several years. Progress on gender diversity in European tech stagnated in 2020, it said.

Furthermore, data showed that people from less privileged backgrounds were less likely to become entrepreneurs, and 81% of founders surveyed said they'd been living comfortably before they set up their startup. Black founders made up only 1% of the 1.2k entrepreneurs Atomico surveyed last year, and 2% of this year's respondents.

It's clear at this point that if Europe is to turn its cities into global talent hubs capable of rivaling Silicon Valley, it needs to show it can mobilise a wider array of candidates to stimulate innovation.
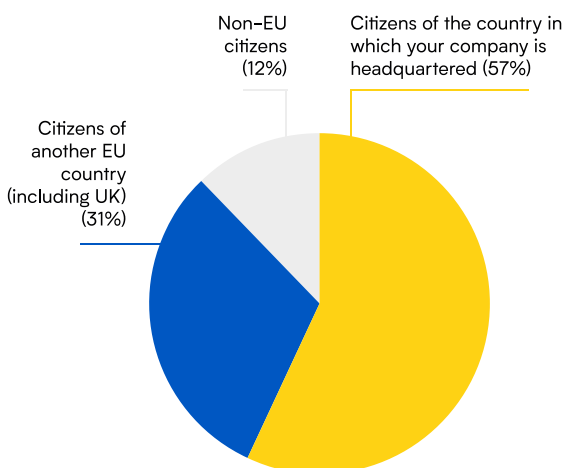
There are now more than a hundred 'diversity in tech' communities across Europe trying to tackle that problem. In Prague, for example, a nonprofit called Czechitas is working to boost the participation of women in the country's IT sector. Governments have also contributed. France for instance has made a push to attract foreign tech talent by easing the administrative process for candidates to get a work permit, and setting up a separate fast-track — a plan dubbed 'French Tech Visa'. The government has also set up a digital training scheme in 2015 called Grande École du Numérique and the French Tech Springboard (or 'Tremplin') to cultivate talent from diverse backgrounds.

As Covid-19 speeds up the transition to remote work for millions of employees across Europe, countries across the region have an opportunity to tap talent from Berlin to Madrid or Warsaw. Furthermore, the rise of 'nomad workers' also creates a broader pool of candidates.

WHAT'S AT STAKE

There's an abundance of research highlighting how more varied teams make better decisions at companies, and generate better returns. But the real issue at hand is much larger. Startups have a chance to expand their reach beyond a limited bubble by acting as key job creators and talent enablers.
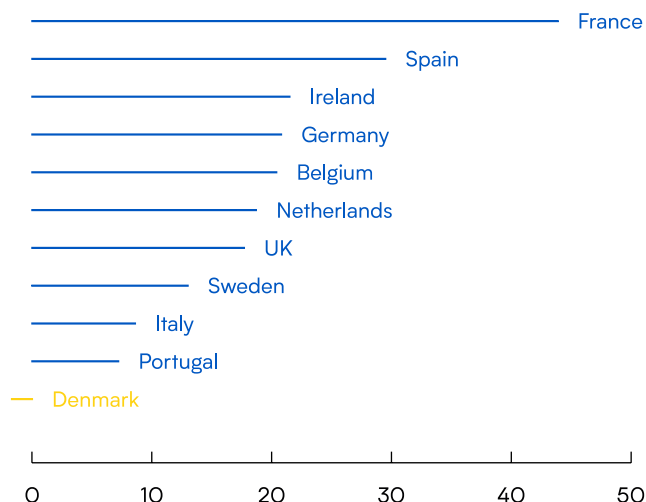
66 Startups have an opportunity to integrate talent that has been overlooked, and create value on the back of it."

There's macroeconomic value to grab in unlocking the employment market to a bigger variety of candidates — and startups and the technology sector can contribute to this broader purpose. By giving access to tech jobs and entrepreneurship to a more diverse workforce, startups have an opportunity to integrate talent that has too often been overlooked, and create value on the back of it.

Hiring away from home
Approximately what % of your employees are citizens of the country in which your company is headquartered?

Source: Balderton Capital survey

Non-EU citizens (12%)

Citizens of the country in which your company is headquartered (57%)

Citizens of another EU country (including UK) (31%)

Tech jobs boom
% change in share of tech jobs searches per million by country, October 2019 to October 2020

Source: Atomico and Indeed

France
Spain
Ireland
Germany
Belgium
Netherlands
UK
Sweden
Italy
Portugal
Denmark

0   10   20   30   40   50

The key themes of
talent and diversity

Diversity and inclusion

How Europe can make entrepreneurship and tech jobs more accessible for candidates from different backgrounds.

Female founders

How to get more women in leadership positions and more money into startups founded by women.

Minority ethnic founders

How to create positive precedents and make sure these founders get the attention they deserve.

'Ivy league' bias

How to better spot and support entrepreneurs who come from underprivileged backgrounds.

Foreign talent

What are Europe's unique advantages for attracting talent and how can it deploy them (education, healthcare, or purpose as a driver to attract candidates...)

Talent mobility and nomad workers

How to facilitate mobility and remote work.

In doing so, they would seize a chance to address a much broader social and political issue that universities, big corporations and other parts of European society have broadly failed at.

IS RED TAPE CHASING TALENT AWAY FROM EUROPE?

"I used to live in Silicon Valley, and I wondered every day as I jogged in front of Google's offices why it was that all the smart people were going there to work," says Karoli Hindriks. "What would it take to get them to move to Tallinn instead?"

It's the multibillion-euro question the rest of Europe is still trying to crack. Hindriks founded her startup Jobbatical five years ago, selling a service to help international hires relocate. But others in Europe have their own ideas on what the continent should do to attract top global candidates, and diversify its talent pool in tech and entrepreneurship.

As part of the Scale-Up Europe initiative, founders including Wise's Taavet Hinrikus and Cabify's Juan de Antonio debated how to broaden the talent pool that the startups and technology ecosystem can tap in Europe. Their discussions spanned from stock options and tax reforms to quotas for minority hires and diversity more broadly.

"It's great to reduce frictions and quick access to visas is an integral part of it. And then mainly stock options — it's about being competitive with other markets, and currently we're not," de Antonio said. "Complexity is part of it but also taxation."

Overall though, one of the core questions Europe needs to answer is how to attract international candidates, especially more experienced ones: people who've had first-hand experience at scaling a company and can help do it again. The other key question is about diversity.

"We have a huge shortage of talent. In fact, talent appears to be the first barrier for development in the French tech ecosystem," says Frederic Mazzella, the cofounder of unicorn Blablacar and co-president of startups group France Digitale.

"We're seeing VPs, SVPs and EVPs from Silicon Valley come to work at French scaleups for example," says Roxanne Varza, the director of Paris-based tech incubator Station F. "Still, the whole ecosystem has a shortage of talent — we need more."

That's true elsewhere in Europe too. While exceptional technical talent, from engineering to maths and the broader sciences, is one of Europe's biggest strengths, the region is still missing top designers, sales and even communications types.

"As the ecosystem gets more and more mature, we need senior profiles to structure the teams, the process and the scaling," says Mazzella. "We need profiles who have experience in hypergrowth to be sure they can replicate what worked and share it all around."

THE ADMIN TRAP

For Jobbatical's Hindriks, Europe's biggest hurdle to attract this much-needed talent is bureaucracy. "The biggest problem of international hiring isn't the hiring itself, it's the whole immigration and relocation process," says Hindriks. "We're building technology to help overcome hurdles, from form filling to the whole inefficient monster that candidates often face in Europe."

IMAGE: Station F

Mazzella says he'd love to see a pan-European equivalent to the French Tech Visa — a European Tech Visa — which would make it easier for startups to hire in any country in the region.

> ❝ **A lot of founders tell us the hard part is actually once they get to Europe.**❞
>
> **Roxanne Varza**, director of Station F

"We can't stop at a visa," says Varza of Station F, at which about a third of founders are foreigners. "For me the question now is implementation: how do embassies, consulates pitch in? How do we get more administrative processes online?"

"Plus, a lot of founders tell us the hard part is actually once they get to Europe. It's doing things like opening a bank account, getting a mobile phone subscription and renting a flat," she says. "The simpler we make all these things the more happy founders we'll have."

Hindriks in turn argues the rest of Europe should take a leaf from Estonia and push reforms further still. "Estonia is a young country that had to take a technological leap, so it put a digital identity in place and [now] you can do pretty much anything with a single click," she says. "How can we replicate this model across Europe?"

Digital processes like Estonia's would theoretically allow companies to hire and fly the new employee over within 24 or 48 hours, instead of a process that typically takes several months.

DIVERSITY CATCHUP

Beyond the focus on foreign talent, there's a lot that can be done in Europe to attract more diverse candidates.

"Some people still think diversity is [just] nice to have, but mentalities are changing. It's a direct booster to return on investment to have more women on board, more foreigners, more candidates that span beyond the usual

hiring networks and come from various socioeconomic backgrounds," says Station F's Varza.

Effective diversity policies also boost an employer's profile and make hiring the best talent easier, says Caroline Ramade, the founder and chief executive of 50inTech, whose goal is to reach 50% representation of women in tech by 2050. "The best talent isn't willing anymore to go work at a company where they'll have to battle to build diverse teams," says Ramade. "It's become a real HR retention tool, and not just for female candidates."

Diversity policies aren't just about hiring. Candidates are paying more and more attention to aspects including work-life balance, office hour flexibility and generous leave packages for new parents.

TOO MANY ALL-MALE TEAMS

The problem is even more acute among founders. "There's a clear bias against women in entrepreneurship, in access to money, and in tech more broadly in Europe," says 50inTech's Ramade. "That starts a vicious cycle: women don't get investments, so they don't scale, they don't do exits, they don't cash out and they can't become key investors who change the kind of mentality that is holding back the VC space."

> **" There's a clear bias against women in entrepreneurship, in access to money, and in tech more broadly in Europe."**
>
> **Caroline Ramade**, founder and chief executive of 50inTech

State-backed investors are in a good position to get the ball rolling on changing the current state of female entrepreneurship, she says. "I pay my taxes, I'm a European citizen and I think these state-financed banks have a duty," says Ramade. Implementing something like

IMAGE: Station F

that, she argues, would be relatively straightforward. The first step is collecting data about existing investments, and then deciding on targets and new criteria for future rounds as well as for money pumped into VCs.

"There's no point telling women to learn to code and become entrepreneurs if it's to offer them no opportunity at the end of that process," says Ramade. "The pipeline is full at the beginning, but there's a serious blockage along the way." Ramade's view is that VC investors need to get over their preconceived notions and reject spurious claims like "'the idea that female entrepreneurs don't know how to scale'".

There are more than a hundred 'diversity in tech' communities across Europe trying to tackle this problem. Now, policymakers are lining up to contribute.

"2021 has to be [the] year where we build the foundations to make sure that the 'innovation divide' in Europe is reduced, while increasing the representation of women as CEOs of tech startups, and ensuring Europe's tech sovereignty," said Mariya Gabriel, European Commissioner for Innovation, Research, Culture, Education and Youth.

"It's one of our priorities for 2021 to deal with the innovation divide, in particular women innovators as well as less advantaged parts of Europe, countries like Greece or Portugal," says Jean-David Malo, director of the European Innovation Council (EIC) task force at the European Commission.

Talent recommendations

As part of the Scale-Up Europe initiative, participants worked on a plan to broaden the tech talent pool. Part of this plan is geared towards attracting international candidates. Another part involves giving access to a broader range of profiles, as well as promoting diverse teams at all levels in companies.

Here are the Scale-Up Europe community's recommendations on talent.

FOR PUBLIC AUTHORITIES

Create a tech worker status for European talent, with a standardised contract and the portability of social rights across the continent

- Start with a 'digital nomad' status in European countries, allowing employees to work legally anywhere across the EU on a remote basis

- Create in the longer term a unified "European tech worker" status dedicated to startup employees, granting access to:

  → A standardised employment contract

  → The portability of social rights across Europe (pension, healthcare)

Create a fast-track European tech visa for non-Europeans, and a favourable expat tax regime

- Create a "European tech visa" to be issued by all member states:

  → Dedicated to founders, employees, investors and researchers (for example in critical areas such as climate change)

  → Granting residence and a work permit through an accelerated procedure in less than a month

  → Implying no sponsorship fee for startups

- Adoption by national authorities of favourable fiscal conditions (e.g. something like the French regime, which offers income tax exemption for eight years after arrival on certain revenues such as 'inpatriation' bonuses, for up to 30% of income)

Establish competitive stock option schemes in European countries and then align best practices Europe-wide

- Create comprehensive national frameworks (legal, fiscal and administrative) allowing startups to grant stock options as part of employee packages

- Adopt favourable regimes regarding tax rates (capital gains rather than income), tax timing (at sale point rather than at grant or exercise), strike price (lower than last round valuation), exercise period (several years)

- There should be healthy peer pressure from the largest countries to foster alignment Europe-wide

FOR THE ECOSYSTEM

Develop a European diversity rating based on tech companies' reporting

- Create a European tech diversity rating, based on the voluntary reporting of diversity key performance indicators by scaleups, such as gender balance (share of women by level of seniority, gender pay gap), social and educational background (level of education, nationality), inclusion (share of disabled employees, wage gap between bottom and top employees)

- Include these diversity KPIs in companies' ethical and financial reporting

- Publish general and specific diversity ratings (e.g. by function such as engineering, sales, etc.)

- Share best practices and promote virtuous companies to raise awareness on diversity issues

Develop an international culture early on in startup development with English as the working language

- Greater effort by founders to make their company cultures open to foreign employees and to prepare their startup for international exposure by:

  → Promoting the use of English as the working language and opting for documentation in English from the first fundraising

  → Communicating on international platforms to raise brand awareness abroad

  → Considering international profiles for internships and positions

Help foreign employees settle in, for example with aid schemes for opening bank accounts and finding housing

- Develop assistance services for foreign talents before and upon arrival in the EU:

  → Develop partnerships with relocation agencies to facilitate connections with scaleups and offer preferential rates to the youngest startups

  → Help with housing search and contract signing, notably via translation services

  → Help with children's school enrolment procedures

- These services should be developed by national, regional and local organisations, in partnership with startups

C.

Europe's deeptech challenge

Turning brilliant brains into breakthrough tech

Germany, Switzerland, France, Estonia and other countries across Europe are spawning some of the world's most sought-after innovation talent — but that hasn't translated into the kind of economic growth the region would like to achieve. Nor has it generated significant strategic advantages and positions of technology leadership on the global stage.

That's not to say Europe hasn't demonstrated its abilities, and value-creation potential, in the fields of science and technology. Engineering and maths education at École Polytechnique in France, ETH Zurich in Switzerland, or Cambridge University in the UK competes with offerings from MIT or Stanford in the US at the top of global rankings. Paris-Saclay University is on par with Princeton as the world's best-rated mathematics school, according to the Academic Ranking of World Universities.

Graduates from these and other European establishments have gone on to spearhead some of the world's most advanced research programmes in artificial intelligence (AI), quantum computing and human-machine interactions, as well as developments on the future of health in the field of biotech.

That has added to the aura of Europe's scientists. In turn, behemoths from Facebook to Amazon have set up labs in Paris, London, Warsaw and other cities to tap local talent pools and research the latest cutting edge developments, in fields from drone delivery to AI. Investors meanwhile are increasingly scouting Europe for entrepreneurial opportunities. That includes the region's deeptech startup ecosystem and projects emerging out of scientific and engineering challenges.

THE PROBLEM

Still, that hasn't been enough for Europe to come out on top of the technological revolution of the past two decades. The region has fallen behind with the emergence of the digital and data economy. The gap has widened since the financial crisis of 2007-8 and the global recession that followed. The US' recovery was both stronger and more stable than the EU's, leading to a $5.9tn GDP gap between the two economies by 2020.

That was thanks in great part to the success of technology companies — and that's where Europe lags behind. At about 28% of the top 85% of large and mid cap US stocks (and 27% of the S&P 500), technology constitutes the largest segment of the US' most valuable companies. None of the UK, France or Germany reach even half of this proportion, with roughly 1%, 7%, and 13% respectively of their 85% largest stocks being tech.
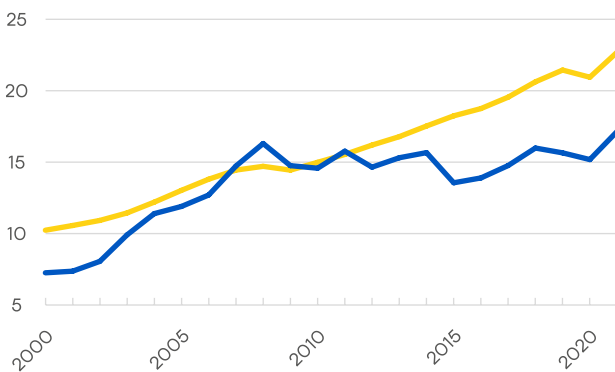

IMAGE: École Polytechnique

Richer, poorer
Europe has fallen behind the US in terms of GDP
($tn, current prices)

— **EUROPEAN UNION** — **UNITED STATES**

Source: IMF. 2021 data is annualised.

The big, and the really (really) big
Top 5 US and EU Public Technology Companies by
Market Cap ($bn)

— **EUROPEAN UNION** — **UNITED STATES**

Source: Google Finance, as of June 2021.

What's most alarming is that Europe has lost some of
its previous tech glory. It has dropped out of the mobile
phones market altogether, and its semiconductor leaders
have been dwarfed in size by global counterparts. For
failing to keep up with developing new service offerings
for consumers, it has also seen its national telecoms
champions turned into dumb pipes for transporting
Google and Netflix's data.

> ❝ **What's most
> alarming is that
> Europe has lost
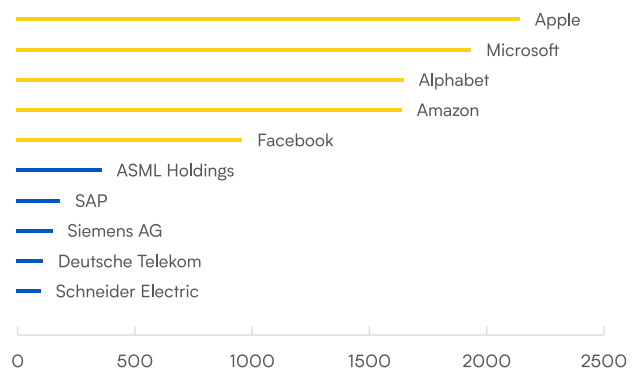> some of its previous
> tech glory.**❞

And while Europe has had its share of global digital
successes carried by a new generation of entrepreneurs
— at companies like Spotify, Skype, Avast and Criteo
to name a few — it is no match for the US and China,
which have propelled an overwhelming number of
technology upstarts into the realm of global mammoths,
some of which are now worth trillions of dollars. For
further comparison, the startup data platform Dealroom
calculated the entire private European deeptech
ecosystem is worth some $150bn.

Still, it's encouraging to see the current trend of
investments in European innovation and startups,
including in deeptech. Since 2016, cumulative
investment into deeptech companies in Europe has
surpassed $36bn. It was about $8.9bn in 2020, down
from $10.2bn in 2019, according to Atomico.

But while investments have grown significantly over
recent years, European deeptech still needs to catch
up to the kinds of money that has gone into the US and
China. Those two countries combined grabbed about
81% of global private investments going to deeptech
companies over the course of the 2015 to 2018 period,
according to a joint report by Boston Consulting Group,
the management consultancy, and Hello Tomorrow, a
research, events and consulting company.

WHAT'S AT STAKE

Europe is now faced with admitting defeat in the first
deeptech battle, but gearing up to win the war. In other
words, the region needs to get its assets aligned to fight
for its place on the podium for the next generation of
breakthrough innovation.

AI, quantum computing and cybersecurity are among
the fields that governments including France, Germany
and the UK have listed as priorities for the coming years.
Covid-19 has also intensified the spotlight on biotech,

while mounting pressure to tackle climate change is also a key target for scientists and innovators. Developments in these fields will be instrumental on several levels: economic, but also political and social.

Economically, these technologies translate into already high-growth markets that are gearing up to attract huge investments around the world. AI alone is predicted to create more value by 2030 than the combined yearly GDP of Europe's three biggest economies, according to analysis by PWC, the consulting firm.

> ❝ **AI alone is predicted to create more value by 2030 than the combined yearly GDP of Europe's three biggest economies.**❞

But even beyond that, new technologies are likely to transform the way we work, live, and interact with each other in the future. Roles from phone customer service representatives to medical researchers will morph to include fully robotised or technology-supported tasks in the next job market revolution.

Additionally, the ever-growing pervasiveness of technology in the lives of people and companies will make it even more crucial to the sovereignty of governments and the freedoms of citizens. That's part of what has pushed Europe to implement creative tech regulation in recent years, including on data privacy — and it's what is likely to drive innovation in the next round.

Robot workforce
Work potentially displaced by automation by 2030, according to McKinsey's fastest new tech adoption scenario
Source: McKinsey Global Institute Analysis • FTE = full time

FTE Jobs Displaced (800m)   FTE Jobs Unaffected (1,867m)

30%   70%

Finally, and perhaps most importantly, entrepreneurs argue deeptech could offer Europe the answers it needs to face some of the biggest challenges of our time: from Covid-19 to climate change. As state money goes to stimulating European economies and billions of euros into shifting to greener societies, deeptech is bound to benefit and, in turn, help governments get the most bang for their buck.

That's what's at stake for Europe, as it battles to gain an edge in technological innovation.

WHY SCIENTISTS GO TO DEEPTECH

What Europe needs more of is founders like Malo Huard. Like an increasing number of Europe's brilliant scientists, the entrepreneur and PhD graduate studied probability and statistics at Paris-Saclay University before joining a cohort of maths whizzes, scientists and engineers who embody the region's hope of converting smarts into breakthrough tech and, eventually, a globally competitive business offering.

"More and more people around me are becoming entrepreneurs — there's real enthusiasm for the world of startups," says Huard. "I was looking for a bridge between doing research and developing concrete

IMAGE: Milvue

applications at companies. For me, startups are that middle ground."

Huard's startup Milvue is working on AI for analysing x-rays in emergency rooms. He set up the company part-time in 2018, and since completing his PhD last year joined the project full-time, along with four other scientists, to expand into other medical applications of statistical analysis.

To encourage more founders to go Huard's way, last month Paris-Saclay University hosted its tenth annual 'startups day'. It labeled entrepreneurship "a priority" for its students and researchers, not just in mathematics but in other fields too, from physics to computer science.

Other graduates include the founders of Watiz (AI for visual recognition), Hublex (segways to get around big worksites), Kimialys (biotech, working on in-vitro diagnostics), and Reenbow (teaching kids English using augmented reality). Alumni of Paris-Saclay include the founders of carpooling unicorn BlaBlaCar, as well as procurement platform Ivalua and human resources startup HR Path, whose latest fundraisings amounted to €54m and €100m respectively.

Top labs and universities across Europe are all pushing their scientists towards entrepreneurship. In doing so, they've become the kinds of places where governments and policymakers are hoping new tech champions will see the light. European startups are emerging as scenario number one to get research out of the lab and into business, in fields like quantum, AI, cybersecurity or biotech.

"Fundamental research has focused on university research labs only since the 70s, with companies on the other hand concentrating only on commercialisation and going to market," says Christophe Tallec, general director of Hello Tomorrow, which launched out of Paris. "The link between the two worlds was missing for a long time," says Tallec. "Over the past couple of years, startups have emerged as the go-between."

In recent years, Europe's deeptech successes have included startups from BioNTech, one of the first to develop a vaccine against Covid-19, to Ynsect, which is working on insect-based replacements for animal food.

The key themes of
deeptech

Business in science
How to go beyond science for science's sake, and turn more fundamental research, homegrown ideas and brain power into industrial products and solutions.

Science in business
How to better raise awareness about deeptech in the business world.

Diverse groups
How to promote and facilitate entrepreneurship in the science community, but also bring diverse profiles together — great scientists with others who understand marketing, finance and business.

Deeptech investors
How to grow the deeptech investor pool.

Deeptech to address Europe's big challenges
How to leverage pandemic recovery schemes to further develop deeptech and apply it to environmental, societal and industrial challenges.

European coordination
How to better coordinate efforts across Europe to take on major science and tech challenges together.

BIG SCIENTIFIC QUESTIONS

Many up and coming startups are focused on answering the most pressing issues that humans face, and figuring out how technology can help fix them — an approach that resonates with scientists.

Wanting to answer some of these billion-euro questions is how insect farming startup Innovafeed got started. "When we created Innovafeed, we didn't start with the idea of growing insects. We started with wanting to create a more sustainable food chain: feeding a growing population as well as preserving the planet," says cofounder Aude Guo.

The company, which has raised €210m so far, was set up in 2016 by four cofounders in their late twenties. Guo, who trained as an engineer, previously worked as a consultant, advising customers including governments. "We weren't necessarily dreaming about becoming entrepreneurs," says Guo. "We wanted to work hard for something we believe in, to do something addressing the challenges our generation faces — all we really wanted was to save the planet."

> ❝ **We wanted to work hard to do something addressing the challenges our generation faces — all we wanted was to save the planet."**

Aude Guo, cofounder of Innovafeed

Entrepreneurs argue deeptech could offer Europe the answers it needs to face some of the biggest challenges of our time: from Covid-19 to climate change. Policymakers in turn often cite deeptech as Europe's secret weapon. "Deeptech is key to the digital transformation, the health transformation and the digital sovereignty of the European Union," says Malo, director of the Commission's EIC task force.

But turning brains into business isn't an easy task. For one, Europe's push for a technical revolution is fairly recent, and comes after several decades of falling behind on building a digital and data economy. Still, the voices of entrepreneurs, investors and policymakers are joining together to point to deeptech as Europe's second chance — where science can make the difference on the global stage.

Jan Goetz, the chief executive and cofounder of Finland's quantum startup IQM, another of Europe's deeptech successes, argues there's an opportunity for the region to become a global leader in key markets like quantum computing or space tech. "If the US had already won the race, we wouldn't see companies like Google ramping up their EU partnerships and investments," says Goetz. "Europe has ideas and know-how thanks to great research. The global race isn't over yet, at least not in our sector."

IMAGE: Innovafeed

WHAT NEEDS TO CHANGE

But to reach these goals, some things need to change in Europe. The region needs more structured processes to bring academic talent, corporates, investors and startups together around the same table, says IQM's Goetz, who was one of the attendees of a Scale-Up Europe workshop on deeptech.

It also needs to do more to attract scientific talent to entrepreneurship, he says. To do that, Goetz argues money should go towards minimising risk for scientist innovators: paying bumped-up salaries for these types of profiles for instance, or financing their projects over several years. "The alternative for these candidates is a salary at Google or IBM, so we need to offer them some financial security."

Beyond the money, there's room for a broader culture change, says Goetz. "If we're waiting until students are doing their PhD to target them, we're too late," he says. "The change in mindset should start as soon as kindergarten, and if kids are building solar cells in their school science fair, why not go a step further and build a mini business plan for it too?"

IMAGE: CNRS Innovation

❝ The change in mindset should start as soon as kindergarten."

Jan Goetz, chief executive and cofounder of IQM

The innovation unit of French research lab CNRS is testimony to the change in mindset. CNRS Innovation has been around for 25 years, but its mission has changed from patents and licensing to entrepreneurship. "The core of what we do today is to help scientists turn their findings into business," says Johanna Michielin, director of CNRS Innovation.

To do that, the lab has built a network of VCs, seasoned entrepreneurs and corporate partners including energy giant Total and defence and cybersecurity group Thales.

Its work spans early conversations with researchers about generating business with their innovations, to liaising with potential investors later.

"The question throughout the process is valuation: what's the best way to transfer the technology to the business world? And is entrepreneurship the best route?," says Michielin, whose team includes 65 people — experts in various areas from patents to industrials. "We bring potential partners in early and have those discussions with them again and again."

THE NEXT CHALLENGE

For Michielin, the priorities for Europe's deeptech development are the continuous financing of fundamental research, easier access to pan-European opportunities for entrepreneurs, and industrial investments to help startups scale. "We've made a huge push to create deeptech startups in Europe," says Michielin. "Now these startups need some incentive to stay in Europe — that's the next challenge."

Investors too have a part to play. "We need to encourage scientists so maybe someday we'll see, in Europe, giants that are worth at least hundreds of billions," Polish entrepreneur and investor Lukasz Gadowski said during the kickoff event of Scale-Up Europe.

"The question is creating things that make us global leaders — we don't want to be followers. Copying a trillion dollar company to create a $50bn company, that's not what will make us leaders," said Gadowski, whose holding company Team Europe invests in clean aviation and clean energy, among other technologies. "We need to identify fields where we lead globally, and go at it first."

> " **The question is creating things that make us global leaders — we don't want to be followers. Copying a trillion dollar company to create a $50bn company, that's not what will make us leaders."**

Lukasz Gadowski, entrepreneur and investor

"In Europe, we have many game changing and disruptive startups but often these companies do not have the same opportunities provided by the VC market in the US and China," says EU Innovation Commissioner Gabriel. "To face this problem, we want to increase the pipeline of market ready [business ideas], by taking the risk at the beginning of the scaleup process throughout the direct investments."

The EU's 'Horizon' research and innovation programme has budgeted EIC financing for more than €10bn, the European Institute of Innovation and Technology of around €3bn, and the European Innovation Ecosystem for about €500m.

In France, Macron designated AI, cybersecurity and quantum computing as primary areas of focus for the country's future and pledged to spend €1.8bn on quantum technologies over the next five years. State-backed investor Bpifrance, which has invested over €20bn in French startups across all sectors and industries, has cited deeptech as a priority for 2021.

"The piece that's still missing is procurement. Governments need to up their game on that front," says Hello Tomorrow's Tallec. "One way to do that is [to] encourage consortiums of companies and public providers to pitch, rather than have startups go at it alone, when they're often undersized and understaffed to take on mega projects."

IMAGE: Volocopter

Deeptech recommendations

As part of the Scale-Up Europe initiative, participants looked at how European resources, including top-notch local talent, can be reorganised and mobilised to achieve bigger returns for the region. Part of that is ensuring Europe deploys its competitive advantages better — from high-quality low-cost state education, to university research labs and tax breaks, to European plurality. Another part relates to promoting entrepreneurship in the scientific community, and making investing in deeptech startups more appealing to a broader pool of financiers.

Here are the Scale-Up Europe community's recommendations on deeptech.

FOR PUBLIC AUTHORITIES

Create standardised patent transfer frameworks to accelerate technology transfers out of universities, and between startups and big companies

- Establish national tech transfer frameworks to be adopted by universities' technology transfer offices, including standardised procedures with indicative terms (based on European best practices benchmark) and negotiation guidelines

- Further exchange best practices within the existing tech transfer network — the European Technology Transfer Offices circleCreate a new European structure to promote intellectual property strategy and help to monetise existing patents (for instance, a new office based on the model of France Brevets)

- Set new key performance indicators (KPIs) to help evaluate which universities should earn an EU-designated 'deeptech label of excellence'

Boost the role and visibility of the EIC by promoting a long-term deeptech roadmap complete with public procurement schemes, and adapted funding and administrative support

- Create and advertise a long term EIC-backed deeptech roadmap around key challenges

- Equip deeptech startups with administrative support and adapted funding

- Develop special public procurement instruments within the EIC which would allow:

  → Allocation of large procurement contracts to scaleups in key areas of the roadmap

  → Broad coordination of European agencies' procurement, tailored to scaleups

Modernise regulations to take into account breakthrough innovations

- Adopt a proactive approach to regulation, by:

  → Identifying four to eight key innovation areas to regulate in priority, based on the most pressing solutions expected to be developed in coming years

  → Adapting regulation in these areas to anticipate and allow disruptive innovation, and provide visibility

Promote a specific action plan for European public banks, the EIC and European Investment Fund (EIF) to help funds adapt to deeptech requirements

- Develop national public banks and EIC/EIF action plans dedicated to deeptech funding, by injecting money into private VC funds meeting

deeptech specificities. These plan should allow for:

→ facilitated syndication of rounds, to better share risk between investors

→ adapted sizing of funds to meet deeptech needs for larger capital

→ expertise in deeptech and strong support to startups, such as venture studio models

→ evergreen funds

FOR THE ECOSYSTEM

Foster entrepreneurship within universities by:

→ Adapting curricula (e.g. develop entrepreneurship courses, mandatory internships in PhD tracks)

→ Developing largescale entrepreneurship centres with adapted financial, human and political support

→ Encouraging connections between disciplines through common projects and courses across majors

→ Integrating entrepreneurs and VCs in university bodies as teachers, thesis or grant committee members

→ Promoting success stories and risk culture to remove psychological barriers

- The EU could contribute to this recommendation by developing a European deeptech label for universities committed to boosting innovation, and prioritise public funding accordingly

D.

Startups and corporates

Contracts, scale, money, and when collaboration makes sense

In the race to create global technology leaders, part of the fix is spawning startups capable of generating the next wave of breakthroughs. But it doesn't make sense for Europe to lead a tech-only development strategy, nor does a startup-only focus fit — at some point, startups and corporates need to come together if Europe is to leverage its innovation for economic growth.

The continent, for now, is dominated by older industries. Oil companies, carmakers, food and drink, banks and industrial conglomerates still make up the bulk of the region's economies. Technology companies account for only about 6% of the CAC 40, France's leading stock market index. That proportion has nearly doubled in recent years with the arrival of companies like call centre software provider Teleperformance and payments group Worldline, but it's close to nothing compared to the weight technology companies have in US indices. In comparison, about 27% of the S&P 500 is tech-related.

In past decades, European champions have found themselves kicked off global podiums. Companies like mobile phone pioneer Nokia and national telecoms brands from Orange to Deutsche Telekom have seen newcomers like Google and Facebook eat away at their value propositions and gnaw at their profits.

Some would argue even technology flag-bearers in Europe are old. The biggest listed French technology company, Dassault Systemes, dates back to 1981 — almost 20 years before Google was created. Europe's biggest tech stock, German enterprise management software company SAP, was founded in 1972.

Giving birth to new leaders is part of the solution. Getting well-established companies to transform and compete, in an increasingly tech-heavy environment, is also key for the continent. It's an issue startups can help address. In turn, startups stand to gain from collaborating with corporates, if they can attract more business, scale their breakthrough technologies and find backers with deeper pockets.

" Even technology flag-bearers in Europe are old."

More tech in the US
MSCI Index Sector Weightings (%)

— INFORMATION TECHNOLOGY   — OTHER SECTORS

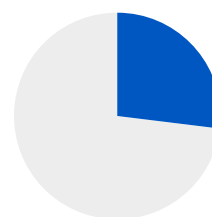*Source: MSCI Factsheets, May 2021.*

France (6.5%)   Germany (13.2%)   UK (1.2%)   USA (27%)

THE PROBLEM

In recent years, there has been a growing trend for large corporations to run accelerators, open innovation programmes and corporate venturing arms. Dozens of European companies, from LVMH to BP or Unicredit, have set up such structures.

Household names like Daimler, Nestle and Siemens all have full-fledged corporate innovation strategies. That's important because well-established companies like these are producing heaps of data in factories, shops and cities from Munich to Paris or Stockholm. Siemens, Daimler and Nestle are still among the region's biggest employers, accounting for hundreds of thousands of jobs. Combined, they employ just under 1m full-time workers. They also dominate European stock markets, with the three having a combined market cap of $612bn.

Theoretically at least, all these big company incubators provide resources that startups can use as stepping stones. European corporates are ideal candidates to buy products and services from smaller partners, share data through research and development agreements, or help spread breakthrough technologies by bringing them in-house for deployments at a bigger scale.

So far though, this form of collaboration has too often got stuck at the wishful thinking stage, and definitely hasn't been significant enough overall across Europe.

For one, European incumbents just don't buy many startups. That means European startups that do get sold are usually taken over by behemoths from the US
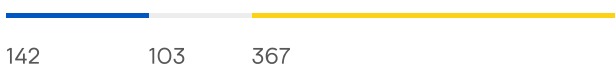
European Titans
Market cap ($bn) and total employees

— **SIEMENS**   — DAIMLER   — **NESTLE**

Source: Google Finance & company filings, June 2021.

Market Cap ($bn)

| 142 | 103 | 367 |

Total Employees

| 293k | 299k | 291k |

66 Too often, when tech leaders emerge out of Europe, they seek stock market listings away from home."

or China, effectively driving the 'multiplier effect' of innovation — and its ability to create jobs — away from Europe. And too often, when tech leaders do emerge out of Europe, they seek stock market listings away from home. Spotify and Criteo for instance have both sought listings in the US, on the New York Stock Exchange and the Nasdaq respectively. In March, Romania-born software company UiPath was the latest Eurotech star to unveil plans for a public listing in America.
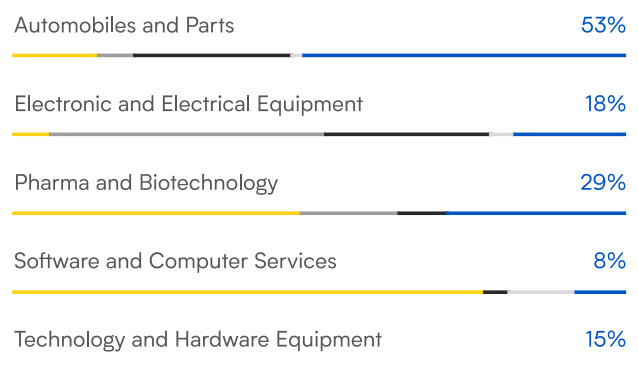
Furthermore, research and development spend by European companies, in comparison to their US counterparts, is skewed less towards tech and software and more towards sectors like automobile and pharma. There's room for more technological transfers to take place between startups and bigger companies. Transfers of breakthrough innovation through deeptech startups, for deployments at a bigger scale at established companies, are especially promising.

Spending spree
R&D spend by US companies leans towards tech and hardware; Europeans spend more on traditional industry

— **UNITED STATES**   — REST OF THE WORLD
— **JAPAN**   — CHINA   — **EUROPEAN UNION**

Source: McKinsey Global Institute analysis

Automobiles and Parts	53%
Electronic and Electrical Equipment	18%
Pharma and Biotechnology	29%
Software and Computer Services	8%
Technology and Hardware Equipment	15%

The key themes of
startup-corporate
collaboration

Different types of collaboration

How to better understand corporate-startup collaboration models and learn from global best practices.

Overcome culture clash

How to achieve a power split between startups and corporates that is balanced and productive.

Facilitate takeovers

How to better integrate startups in bigger companies without altering their innovative DNA.

Tech transfers

How breakthrough tech can scale faster through startup-corporates collaboration.

Data

How to make more data available across partners and industries, and better exploit the heaps of data being generated by Europe's 'old economy' players.

Covid-19, an accelerator

To what extent can collaboration aid recovery from the pandemic?

IMAGE: Spotify London HQ

WHAT'S AT STAKE

The digital transformation of Europe's economies is at stake. Europe faces a test with regards to its ability to bring an older generation of giants into the world of connected industry, AI-fueled developments and cybersecurity challenges.

It's clear the region can't afford to exclude well-established corporations from its technology ambitions, or it risks seeing its economies fall further behind in the global race. At the same time, dinosaurs will not survive — and Europe can't afford the consequences, particularly in terms of job destruction, as it waits for a new generation of technology companies to pick up the baton.

Getting startups and corporates to cooperate — and eventually merge — within Europe is essential. But upgrading older companies is only part of why collaboration is important. For startups, it's an opportunity to grow, by teaming up with corporate partners for expansion, or multiplying exits through corporate takeovers.

COVID ACCELERATION

"For most companies, Covid has brought about a heightened level of consciousness about how important digital transformation is and how fast it needs to happen," says Julie Ranty, managing director at Viva Technology, the annual tech conference in Paris.

One reason for the acceleration is that digital transformation increasingly ties into the broader picture for corporates, with motivations ranging from productivity gains to attracting talent, or as a tool for reaching green and sustainability targets. Another is a change in culture.

"Covid, because it has brought about so much uncertainty, has forced all businesses into a test-and-learn kind of mindset. That is giving more space to risk-taking," says Ranty. "As a result, decisions that used to be put on hold for months and go through neverending audits are being made much faster by corporates."

❝ Covid has brought about a heightened level of consciousness about how important digital transformation is. ❞

Julie Ranty, managing director at Viva Technology

As a result, Ranty says collaboration with startups has accelerated as well. On that front too, well-established companies are getting over their usual tendency of waiting it out or putting back decisions in areas that aren't necessarily within their comfort zones, and it's now CEOs who are getting involved in these kinds of deals. The change is most radical when looking at corporate behaviour over the past five years, says Ranty.

"Corporates typically were turning to startups as a way to monitor what's new to the market, in a protectionist approach — collaboration was something for annex areas and startups were rarely linked to anything core business," she says, adding that this has changed

drastically in recent years. "Fast forward five years, and you'll find most corporates are now convinced of the benefits of working with startups. They know they can shave years off their R&D, they can revamp old habits and structures internally, and they can shake up corporate culture to introduce more agility and attract talent."

COLLABORATION FOR DEEPER CHANGE

For some, especially companies in the luxury and cosmetics sector like LVMH or L'Oréal, developments with startups have been integrated back into the core proposition and become a part of the products on offer. In the industrial sector, companies including Vinci or Volvo have set up incubators and put open innovation at the heart of their R&D strategies.

"The name of the game for us is uncertainty, and it's not because of Covid, it's because of the deeper change in our industry around electrification and decarbonising transport — an era of leapfrogging to new technology, and trying to solve problems without knowing exactly where we will end up among this innovation revolution," says Lars Stenqvist, executive vice president of Volvo Group Trucks Technology and chief technology officer of Volvo Group. "We need partners to get there and we need agility, to adjust along the way."

Stenqvist's team has been working for five years on a collaboration strategy, learning and adjusting to strike the right tone. "When we started we were just excited to have a startup hub, and we scanned too broadly. Our approach was too general," says Stenqvist. The way the group's breakthrough innovation unit, called CampX, is run now, starts with a set of engineering challenges like electrification or smart mobility and brings partners around the table to search for answers.

"We went from everything being super confidential to sharing what we're working on. It's all within a careful framework of course, but we're inviting partners in and opening up Volvo's markets and commercial opportunities to partners," says Helene Niklasson, who heads CampX. "And we have the freedom and budget to make decisions quickly and create those links between innovative partners and our best engineers in-house."

"We have heritage and knowledge with some of the world's top engineers. Startups have agility. Together we can reach a win-win, built around the smartest people", says Niklasson.

VALUATIONS AND TAKEOVERS

There is one caveat to how far European corporates have come on working with startups: they still do very few takeovers relative to their US counterparts. "It's probably the point that has evolved least in recent years," says Viva Technology's Ranty. "That feeds into the broader issue of exits, which is a real problem for European startups."

At Volvo for instance, the conversation about whether the group should invest in a startup isn't one to have early on. "How can we work together, bring knowledge together and what values do we share? That's what we're interested in first and foremost," says Stenqvist.

"Corporates more and more are going to be asking themselves the question: do I pay 10 times operating earnings to buy this startup, or do I develop in-house and accept that it's going to take me four or five years?" says Ranty. VCs can play a role in educating the broader ecosystem about understanding startups data and valuing their assets, she says. That's step one to encouraging more takeovers.
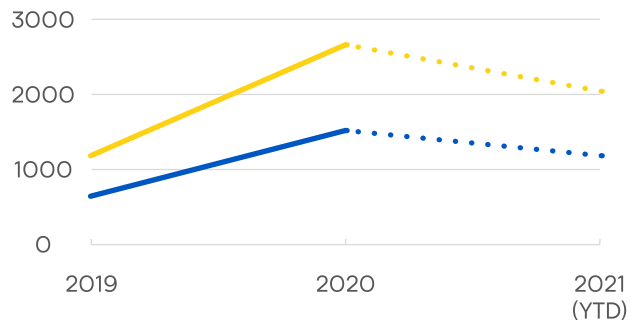
US buyers lead tech takeovers
63% of tech startups acquisitions globally are made by US entities

— **EUROPE**   — **UNITED STATES**

Source: Europeanstartups.co, as of June 2021.

The underlying idea is that corporates are convinced of the need to acquire startups — but they are put off by obstacles including valuation models that have little in common with the financial analysis of well-established companies. Whether that really needs to change though, and whether startup takeovers should be encouraged as a vector for exits is a subject of debate within the ecosystem, and there's no clear consensus.

Participants at a Scale-Up Europe workshop in May from companies including Sodexo, Telefonica, BMW and Airbus, as well as startup founders, argued acquisitions are only part of the fix for Europe.

"Takeovers are essential for corporations. Not only do startups grow, corporations also grow in this process and represent the opportunity to disrupt existing business models to meet changing consumer needs," says Belen Moscoso del Prado, chief digital and innovation officer at food services company Sodexo. But different types of partnerships can help address technology and consumer needs, she says.

"The goal should not be to get acquired, but to create European digital giants," says Adrien Nussenbaum, cofounder and chief executive of startup Mirakl. "We need to foster the market conditions incentivising European companies to go public, not sell and list on Nasdaq. From larger European mutual funds to lower taxes on capital gains there are a lot of levers."

IMAGE: Airbus

Startup-corporate
recommendations

As part of the Scale-Up Europe initiative, participants worked on a plan aimed at accelerating collaboration between startups and well-established companies in Europe. Part of that meant highlighting the ways in which well-established corporations and startups can do more to: communicate, collaborate commercially and co-innovate. Another part focused more specifically on creating exit opportunities, including by getting European corporates to engage in more M&A activity.

Here are the Scale-Up Europe community's recommendations on startup / corporate collaboration.

FOR PUBLIC AUTHORITIES

Establish a tax credit for European corporates investing in European startups

→ For example, since 2016 France allows corporates to gradually write off their investment in innovative SMEs over five years

→ Other mechanisms to be considered include tax breaks or the extension of R&D tax benefits

- Promote these fiscal incentives to encourage their use by corporates

- Share best practices between countries

Adopt a Small Business Act for business administrations that will benefit startups

- The Small Business Acts would set mandatory shares of public procurement to be allocated by administrations to startups and startup-corporate consortia (e.g. the American Small Business Act, enacted in 1953, sets a 23% target of SME procurement at federal level)

- Coordinate among national authorities on how the umbrella rules can apply in practical terms in specific sections of government, including through setting annual targets

FOR THE ECOSYSTEM

Elaborate a charter of reporting and best practices on collaboration (open innovation, procurement) and takeovers

- Development and promotion of a charter to be updated regularly containing:

→ Voluntary reporting by corporates of the evolution of their level of collaboration with startups, included in companies' annual report

→ Best practices and success stories regarding:

– Collaboration: procurement, dedicated structures (innovation teams, incubators), corporate VC

– Takeovers: sourcing of targets, level of independence after takeover

- Development of a system of "stamps of approval", granted to startups by corporates and certifying their capabilities (ability to scale, product quality, etc.) to accelerate startups screening and approval by other corporates

Develop an Erasmus inspired exchange programme for tech allowing employees to move seamlessly between startups and bigger companies

- Create partnerships between corporates and startups across Europe, allowing temporary employee transfers

→ Internships and gap-year programmes: opportunity for young talents to gain experience in both a large company and a startup, through a single application process

→ Secondments: opportunity for employees to work for a few months in a partner structure

- Promote these opportunities internally and throughout the ecosystem to encourage their development across countries

Looking forward

A brighter future?

The spur for the Scale-Up Europe initiative was the simple acknowledgement that the continent doesn't have anything remotely on a par with Apple, Amazon, Alphabet, Alibaba or Tencent, companies with market values well into the hundreds of billions of euros.

Yet techies have learned by now that well-meaning, political initiatives and promotional schemes tend to be one-hit wonders, with fireworks on the launch date and then little to no follow-up. Will the ideas in this report similarly flame out, leaving Europeans to despair of their tech underachiever status?

We certainly hope not, and point instead to the many signs that things may finally be going right for Europe.

66 There's rising hope that European companies are ready to evolve into something bigger."

This is the most exciting and hopeful time for anyone interested in solving the world's biggest problems. Political attention for building high growth companies has intensified in Europe in recent years. Recent initiatives to assist their growth include the Startup Nation Standard and the launch of the EIC.

There's rising hope, then, that European companies are ready to evolve into something bigger, with a concerted, data-driven strategy needed to move the process along.

This report has laid out recommendations for what needs to happen, and while many of the concepts may not be novel, it is now time to find ways of turning them

into reality. The Scale-Up members did not pull any punches, and came up with a bold plan for building a more diverse, ambitious and sustainable Europe — one that reflects our growing aspirations for the kind of continent where big, influential things happen.

Ideas to bring the Scale-Up Europe initiative to a larger stage and implement its recommendations include:

* An annual Scale-Up Europe summit, where a high-level collective of ministers, unicorn founders and key EU commissioners can come together to back and renew the Scale-Up Europe strategy. This transformation requires commitment from everyone. Together, the continent's tech and political heavyweights will take stock of the previous year and coordinate, and share accountability, on the most pressing startup policy issues for the year ahead.

  A white paper highlighting no more than two to three flagship issues, including data, concrete proposals and signatures from tech heads, should circulate before the summit. This will give member states an overview on the state of play in Europe's ecosystem, as well as time to properly vet and evaluate the issues to be discussed at the meeting.

* To help keep the initiative afloat year-round, each European country could also appoint a 'Scale-Up Europe Correspondent' — a government official in charge of sharing their country's experiences and progress with the European tech community. These figures will help set the tone for a transformed culture.

* Running parallel, an operational team could be jointly run by the tech community, member states and the European Commission to help enact the Scale-Up Europe strategy, continue to grow our community and ensure ongoing commitment and engagement.

- Programme funding and technical assistance, meanwhile, could be made available for countries with less mature ecosystems. Experience, money and skilled people are needed to successfully push startup friendly policy — three things that many member states, especially those with fledgling tech hubs, do not have in abundance. Building capacity right across the continent--and not just in Europe's current tech capitals--is seen as key to the initiative's success.

" It's now time for us to stop talking and start doing. We are eager to get to it."

Over the past decade, European tech ecosystems have grown in part by recognising when they had to change. This is such a moment.

French President Emmanuel Macron prodded Scale-Up Europe to life but it will take a lot more work to sustain the effort, and convert the group's energy and ideas into positive change. And while it will take time to realise some of the ideas in this report, it is entirely within our capacity to do so.

To succeed, buy-in will be needed right across the political map, from officials in Brussels to Bucharest. The other key ingredient is the time and dedication of the big European startup names, who — it is hoped — will remain front and centre of this movement, having signed our manifesto.

Our plan calls for sweeping change and we want to be clear about our commitment. It is only with unrelenting focus from the ecosystem itself that European leaders will continue with enough purpose on the right path.

It's now time for us to stop talking and start doing. We are eager to get to it.

Sign the manifesto here: scaleupeurope.tech

IMAGES: Scale-Up Europe kick off event at Station F in Paris

Pan-European accountability recommendation

Launch a European tech mission committed to strengthening the European startup community and furthering the Scale-Up Europe roadmap

Postface and methodology

Convinced that tech has the potential to maximise value creation and address Europe's key challenges, Scale-Up Europe members have come together as the voice of the European tech ecosystem. The recommendations in this report came out of consultation with all community stakeholders, with a strong focus on delivering impact and ensuring feasibility.

Since its kickoff on March 4 2021, the Scale-Up Europe initiative combined three months of intense open consultation, a comprehensive survey, 30+ qualitative interviews and a series of six digital workshops open to the ecosystem. More than 200 startup founders, CEOs of corporations, investors, representatives of public institutions, university leaders and startup associations answered the call and convened around four key themes: funding spectacular growth, winning the battle for startup talent and anticipating the future of work, becoming the world's deeptech powerhouse, and bridging the gap between startups and corporations.

Participants shared their concerns, insights and ideas to boost the European ecosystem — the results of which are in this report.

We are proud to present a strong set of actions, especially as they are shared across the ecosystem with a wide consensus. 21 key recommendations emerged from the ecosystem consultation and were refined with Scale-Up community members as well as experts and policymakers. The community of European startup associations was also mobilised through dedicated work sessions, bringing their insights and expertise, notably regarding the best implementation strategy.

The initiative was led in close cooperation and with the expertise of Scale-Up Europe partners: La French Tech, Station F, Viva Tech, Hello Tomorrow, Roland Berger, European Startup Network and Sifted. We are convinced that our recommendations have the potential to lead to the emergence of European tech giants, provided they are implemented with the support of public authorities and all ecosystem stakeholders. By 2030, we can realise the collective ambition of achieving 10 tech companies in Europe valued at more than $100bn. Together, let's take action and make it happen.

Scale-Up Europe is brought to life through the collective efforts of

La FRENCH TECH

France's startup movement, powered by its ecosystem and bolstered by its government. They bring together these two radically different worlds bound by a single mission: make France a great home for global mission-driven tech champions.

STATION F

The world's largest startup campus based in Paris, gathering 1.000+ startups and a whole entrepreneurial ecosystem under one roof.

VIVA TECHNOLOGY

In only 4 years, VivaTech has become Europe's biggest startup and tech event and is recognized worldwide as a powerful catalyst for business transformation, startup growth and innovation for the common good.

hello tomorrow

The mission-driven global organization that aims to accelerate the transfer of deep technologies to solve our most pressing industrial, environmental and societal challenges.

ESN EUROPEAN STARTUP NETWORK

The common voice for European startups, unifying 24 European national startup associations and fostering a startup-friendly ecosystem so that European startups can grow and thrive more successfully in Europe.

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