

An overview of the Portuguese Entrepreneurship Ecosystem



HALBE & KOENRAADS

Mapping Entrepreneurship Ecosystems

Working in ecosystems around the world, we see that too many opportunities are being missed. Often this is simply because information is scattered, hard to find and startup initiatives are missing.

That's why Get in the Ring and Halbe&Koenraads have partnered to map ecosystems around the world. Applying the data and knowledge from Get in the Ring to the Startup Infrastructure Diagram that Halbe&Koenraads developed has proven to be a golden formula. In one simple diagram we highlight the players that form the supporting infrastructure of any ecosystem in 5 categories: **Network, Education, Support, Capital, Expertise**.

For the occasion of the Global Meetup, we mapped the Portuguese ecosystem. In the months leading up to this event we have spent time getting to know the ecosystem from inside out. The diagram reflects what we experienced: a lively and quickly developing ecosystem, helped by ambitious initiatives to support startups and the wider ecosystem.

In this booklet we'll have a closer look at the 5 categories of the diagram. We'll present our own vision and highlight some great initiatives we encountered.

We realise that ecosystems never stop developing, so there's always room for growth. Let's continue building together.



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The Portuguese Ecosystem: An Overview



Portugal ranks
9th out of 60
for Access to Talent (EDCi)



Global connectedness &
access to international
markets



Ranked **#31 out of 127** countries on the
Global Innovation
Index

Lisbon in **the top 5**
best performing startup
communities in Europe

LISBON

>67%
of founders
spread within
Europe



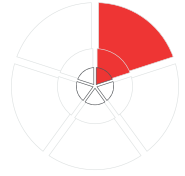
Startup Visa for foreign
startup founders
(first of its kind in the EU)



>150
incubators and
accelerators in
Portugal

20%

of startups are in IT and
Software Development
(European Startup Moni-
tor, 2016)



NETWORK

Stimulating interaction and collaboration and connecting stakeholders in the ecosystem

Access to a good network is an important condition for a startup; it can lead to new clients or potential partners and give access to expertise. Changemakers in the category Network make sure that startups no longer have troubles finding mentoring or introductions to do business. In the Portuguese ecosystem we see a wide range of organisations that are set up to help startups access and benefit from relevant networks.

As a startup, making new connections is becoming increasingly easy. Events and competitions are for instance an ideal way to meet new people and find partners for your innovation needs. An added benefits of events is the promotions of startups and the contribution to the image of innovative entrepreneurship in Portugal. Most notably, the world famous Web Summit being organised in Lisbon boosts the entire ecosystem - and with nearly 60,000 people visiting the event in 2017 the network is unparalleled.

A particularly important role in the ecosystem is being fulfilled by initiatives that specifically try to foster collaboration and create active networks, often at an international level, including Get in the Ring. They contribute to the global connectedness and access to international markets, something that is of great value to the many founders with international ambitions.

The Portuguese ecosystem also benefits from several key players that form a 'local point of entry' for (budding) entrepreneurs. These organisations are fully dedicated to creating a thrive startup scene either at a local or national level. For startups, these are the 'go-to' players when looking for advice, expertise and introductions.

Startup Portugal, for example, acts upon the development of the Portuguese entrepreneurial ecosystem at a national level and as a medium between government, entrepreneurs, incubators, and accelerators. It has implemented a broad range of measures ranging from Startup Voucher to the National Incubators and Accelerators network, positioning themselves firmly within the national ecosystem.

On a regional level, DNA Cascais is a successful example of an organisation aiming to foster entrepreneurship in Cascais and in the Lisbon region. To date they have supported the creation of 265+ new companies, with a turnover of 50+ million euros, boosting the regional economy and creating new jobs.



EDUCATION

Teaching entrepreneurial skills and enhancing the development of entrepreneurial talent.

It's been said that a company is only ever as good as its people. Investors emphasise that a startup's team is a determining factor when it comes to investing in their business. Startups also demand skilled, educated and entrepreneurial employees who can help their business grow and expand. That's why it is key that we train our founders and employees of the future to develop entrepreneurial skills.

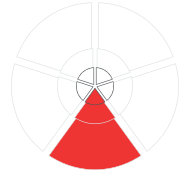
“It is key that we train our founders and employees of the future to develop entrepreneurial skills”

The startup ecosystem in Portugal benefits from highly educated founders, a large number of high ranked higher education institutions, and ranks particularly well in terms of access to talent.

Entrepreneurship education already starts at school level in Portugal, with 8 different schools using methods and tools by The Entrepreneurial School for entrepreneurial learning. They also host the yearly Entrepreneurial School Awards, which named the Escola de Comércio de Lisboa as the most successful school for entrepreneurial learning. In higher education, students can choose from a range of degrees focused specifically on entrepreneurship and innovation. The MIT Portugal Programme (MPP) for example was specifically set up to contribute to innovation and entrepreneurship, and focuses on talent development through education based on economic and business related courses, alongside practical training courses.

It is just as important to look outside the formal curriculum at the initiatives that try to foster student entrepreneurship, support existing student entrepreneurs and generally try to improve entrepreneurial skills. The Porto Design Factory for example brings together students from different universities to work together on innovative projects, aiming to promote an enterprising mentality.

For existing student entrepreneurs, the community and help offered at entrepreneurship clubs and centers within universities can be very valuable. Starting a business while in education can be a challenging endeavour, so it is helpful for students to be part of a like-minded community and a small-scale ecosystem where support is available that is targeted to their needs.



SUPPORT

Supporting startups from start to growth in a startup friendly environment.

Startups shouldn't have to reinvent the wheel all the time. For specific aspects, startups can make use of support services from specialist organisations who can help them with a specific need. With an explosion of startups, there is a bigger need for such services and a local support network.

The entrepreneurship ecosystem in Portugal is already characterised by an impressive range and amount of support initiatives. The amount of incubators and accelerators, for instance, has grown to more than 150 throughout the country. They prove to be successful as well: the Lisbon Challenge was named as one of the top accelerators in Europe, and incubators like Startup Lisboa are also key players. More and more international support initiatives are now also opening offices in Portugal.

Generally speaking, it is expected that accelerators will increasingly specialise on a specific sector or theme, like tourism or sports. The rise of these accelerators creates a lot of potential for the development of those specific industries. Apart from that more and more corporates are trying to engage with startups by setting up accelerators. This is an excellent way for startups to benefit from the expertise and network of the corporate, while they help the corporate with their innovation need.

A newer type of initiative that is starting to emerge in ecosystems around the world and which we also see in Portugal, are Venture Builders. They use their own specific methodologies to help build companies: develop new ideas, create teams, design a business model, find clients, and ultimately create a self-sustaining business.

"The role of government support in growing the ecosystem shouldn't be underestimated"

Finally, the role of government support in growing the ecosystem shouldn't be underestimated. The Portuguese government has come a long way in incentivising startups for example through tax breaks and reduced bureaucracy. With "Startup Portugal" it fosters entrepreneurship and promotes local startups internationally. This has helped unleash the potential of the ecosystem and created an excellent environment for entrepreneurship.



CAPITAL

The availability of capital and investments in startups in varying stages

At some point, every entrepreneur is faced with the question of how to raise money to start and grow their business. The need for capital forms one of the key building blocks of any ecosystem. It has been said that the economic crisis and scarcity of capital actually served as a catalyst to entrepreneurship, as it made projects more resilient. It is also argued that the crisis has made alternative sources of finances such as business angels more critical.

With the growth of the economy, the amount and type of capital providers has also been on the rise. In 2016 VCs invested 18.5 million in nine deals according to Preqin - a sixfold increase from 2015.

It can still prove challenging for startups, however, to find the right source of capital that suits their specific needs. Some of the most active funds are Faber for early stage startups and Caixa Capital for later stage businesses. More foreign investors such as Seedrs are being attracted to the country as well and are leading investment rounds in Portuguese companies.

In the capital landscape, the government also plays an enabling and accelerating role. Government-led Portugal Ventures has a 450 million funds focusing on innovative tech companies and startups. In 2017, CB Insights deemed it the most active venture capital group in Portugal.

“In ecosystem the emphasis should not just be on capital, but also recognise other crucial factors”

An important characteristic of many of the players that form the capital landscape, is that their role extends beyond just providing capital. Many of the main investors are also helping the wider ecosystem by providing mentorship and access to their networks. This is key: in an ecosystem the emphasis should not just be on capital, but also recognise other crucial factors that determine a startup's success, including talent and access to market.



EXPERTISE

Areas of expertise in which a specific region excels and which are accessible for startups

Startups, especially in the growth stage, often need to access specialist knowledge, which they do not have in-house. It is therefore essential to set up relevant partnerships to help them stay up-to-date and competitive. These partnerships are formed with business partners to develop innovations, and with knowledge institutes to access the right expertise and latest insights.

“Startups are supported in their growth and innovations through a wide support network of specialist organisations”

The most promising industries in the Portuguese startup ecosystem are centered around tech, including Cleantech & Industrial, IT and Consumer & Web. Startups are supported in their growth and innovations through a wide support network of specialist organisations and research institutes that provide access to knowledge, facilities and expertise.

The value of science and tech parks lies not only in its hardware, like the building and facilities, but also in the social dynamics that exist and the networks between university, businesses and startups that are created (the ‘software’). Many of the Portuguese science parks offer a wide range business support services for starting and growing companies, ranging from co-working spaces and business incubation services to support services for intellectual property and product development. The strong sense of community within such parks and the proximity of other partners creates a favourable environment where knowledge and expertise can easily be obtained.

The Technology- and Knowledge Transfer Offices and Labs, often linked to a university, make sure that the insights being developed in research, are made accessible to businesses and stimulate researchers to make their research widely applicable and available. This is also an important place where innovations get commercialised, leading to new spin-off companies.

About the Startup Infrastructure Diagram

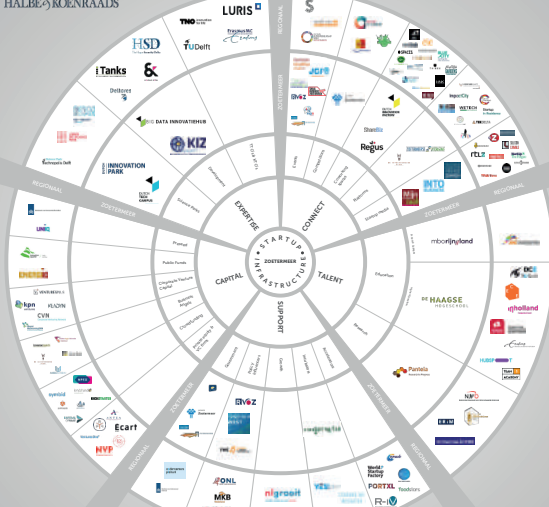
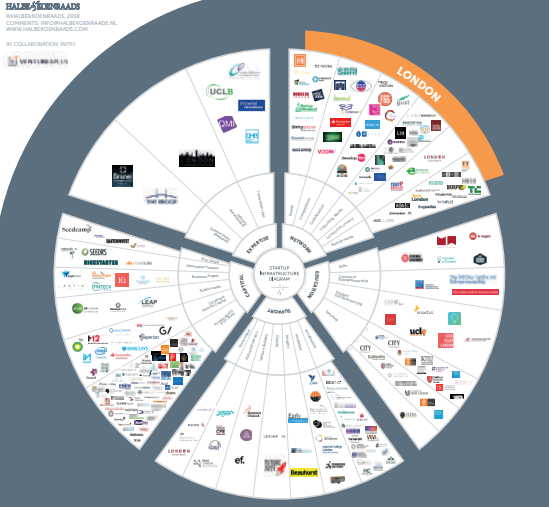
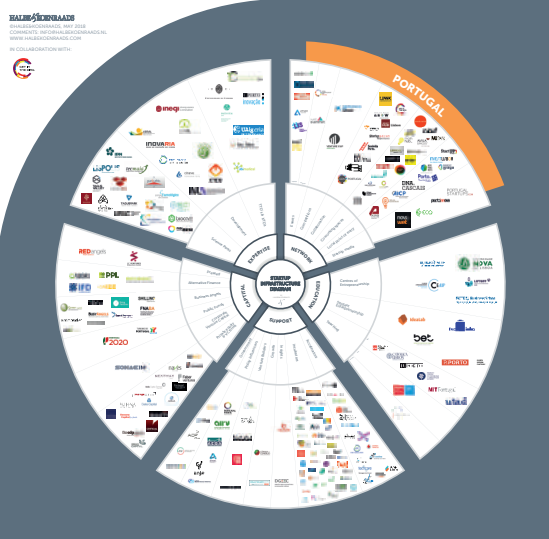
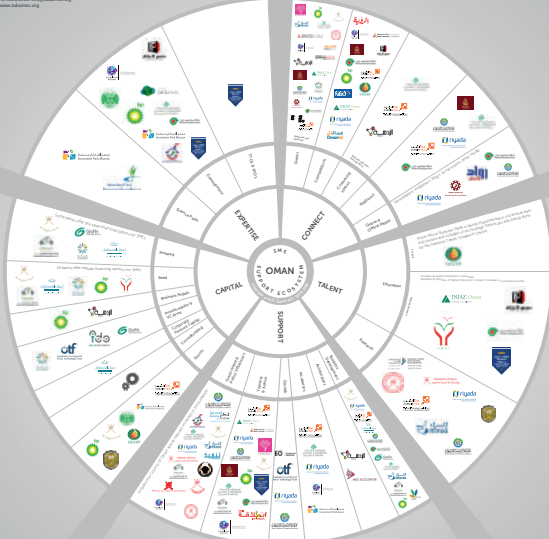
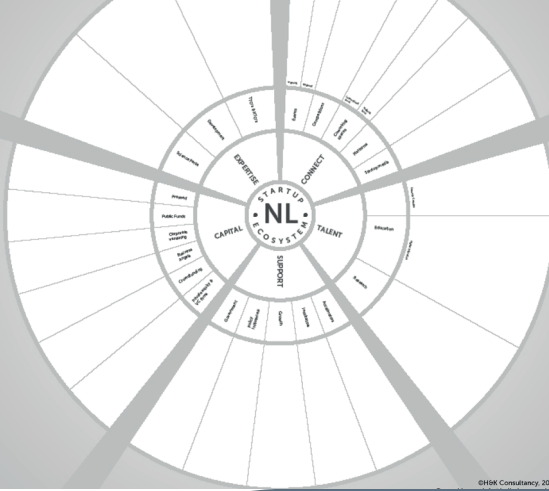
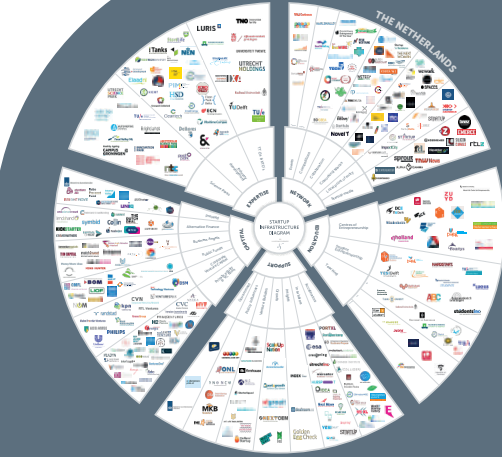
The Startup Infrastructure Diagram (SID) was developed by Halbe&Koenraads to help regions map their supporting ecosystem. It highlights the organisations and entities that form the supporting infrastructure of an ecosystem in a specific geographical location.

This diagram does not aim to offer an encompassing overview of all players in the ecosystem, but rather acts as discussion paper for policy makers and ecosystem builders while giving startups guidance of all the support available in their region, and where to find it. It is designed to be constantly developed and updated in line with developments in the ecosystem.

Our diagrams are developed in collaboration with local partners and our global ecosystem partners: Get in the Ring and VenturesPlus.

To download the SID Portugal and give input, please visit:
www.gitr.co/portugal

For more information about the SID, the methodology and other ecosystem maps, please visit: www.halbekoenraads.com/sid





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