Startup Portugal

A strategy for a sustainable, future compatible economy

StartUP Portugal whitepaper

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1.0

Preamble

This document is intended to provide an overview of Startup Portugal's (SP) target audiences and corresponding strategies in establishing cornerstones of the future entrepreneurship ecosystem in Portugal.

The goal is to agree to a strategy and optimising resources of several participants of SP's circle of active participants. The necessary mediation between international tech giants, local heroes and thought leaders, founders, serial entrepreneurs, academics, venture capitalists and established industry (national and international) with government bodies is the key task of SP, and in order to understand and direct all resources efficiently this document should give an overview and actionable strategies to all involved.

This document is not exhaustive, and needs adoption of its content over time. All activities and actions need to be optimised and updated by gathering data points and creating benchmarks.

The goal is to agree to a strategy and optimising resources of several participants of StartUp Portugals's circle of active participants.

2.0

StartUp Portugal Strategy Overview

The overall goal of SP is to make sure government activities to develop and sustain the Portuguese Entrepreneurship Ecosystem are well targeted, and r esources efficiently used.

The need to identify the cornerstones of a future sustainable Portuguese entrepreneurship ecosystem and the need to target them with individual strategies is apparent, and Websummit 2016 is just the start.

Websummit is a good moment to test these strategies, and make sure in preparation to Websummit all measures are benchmarked, and improved to maximally leverage future events, and focus on the right key performance indicators (KPI's).

Externally

SP has to engage externally as the marketing agency and one stop shop to make sure the core goals of the initiative are met.

Establishing the corresponding marketing materials and strategies (Portugal pitch deck, website, social media strategy, trade show presence, policy synchronisation in Europe) is the immediate task.

Internally

SP has to engage as the prime mediator of all actors involved in achieving these goals,and be the think tank providing resources and policy designs to government, benchmarked and influenced by entrepreneurs, to design the programs and activities necessary for a future compatible economy in Portugal.

3.0

Definition of Entrepreneurship Ecosystem

The entrepreneurship ecosystem we aim for is a mix of Business Angels, VC's, Founders and surrounding service offerings (tax, law, acceleration), that can compete in quality with the established ecosystems of the world.

It is important to highlight that startups and tech are not the only entrepreneurship activity we need to focus on. The spillover effect of a functioning ecosystem is to make the country's economy future compatible:

In the immediate future business are always with a networked and digital component. In advertising and marketing, sales, procurement, product development and sustainability ALL businesses of the future will rely on technological adoption and interactivity.

Due to this fact startups and tech companies act as the key cornerstone of any future sustainable and globally competitive ecosystem and economy.

4.0

Cornerstones

All of the following cornerstones need individual and targeted approaches and concentrated efforts in the allocation of resources. Not one single cornerstone will create success, but all of the below mentioned in unison.

Tech Giants

Local Heroes

Founders (first time)

Founders (serial, expat)

Academia

Established Industries

Venture Capital

4.1

Tech Giants

Tech giants are one key element to any entrepreneurship ecosystem. International behemoths are currently looking at strategies for continental Europe, as Dublin has been involved in a tax fiasco and London is ruptured by the Brexit, all of continental Europe is seeing a surge in local activity from global players.

Tech giants are unicorns (+1B$ in evaluation) and employ a workforce, that needs to embrace the utmost forward thinking corporate culture while being paid (!). The 3 immediate effect on any ecosystem is to educate and develop human resources on an international level, with the potential to forge the next generation of entrepreneurs. In Berlin Rocket Internet has created a big group of now successful entrepreneurs, in the Valley the Paypal Mafia has created the most active and successful entrepreneurs and venture capitalists that to a degree dominate their respective ecosystem.

The immediate effect of local representation of tech giants is the increased exposure to their products to established industries and startups, and all these companies share the silicon valley spirit of giving back to the community:
The more resources are available, the more successful internet business are created (the more business there is for them).

Following that train of thought most tech giants have entrepreneurship support programs or directly fund startups (Google for Entrepreneurs, Dell for Entrepreneurs, Cisco for Entrepreneurs, Uber, Microsoft accelerator, etc).

A secondary effect is the likelihood to increase M&A activity. From procurement to investments, acqui hires and acquisitions, tech giants have played a significant role in several European ecosystems such as London or Berlin, and have proven to impact the respective sustainability of these ecosystems.

Proposed Strategy

Engage in relocation of offices for these companies (from both the US and China), offering financial support, infrastructural support and "regulatory sandboxes".

Directly engage in conversation with their SVP or C-level executives offering the above mentioned support and create a tit-for-tat: "If you create X amount of jobs or bring your entrepreneurship initiatives to Portugal, we can offer …"

Local Heroes

These are the companies and their founders that are successful, on an international or local level. These are not limited to tech companies, as all successful entrepreneurs tend to become Business Angels and usually dare to invest in unknown territory, dare to try things they are not yet successful in. With their respective experience they can coach and mentor entrepreneurs on their path to success.

Successful tech entrepreneurs always act as high risk business angels: sometimes even before an exit and during scaling their business founders invest in their peers. If not with money with know how and the availability of an international network (through their VC's and peers).

Nobody knows better how to navigate the global entrepreneurship realm than those that are actively running a company that is growing.

Proposed Strategy

Support activities and facilitate mentorship, and make sure there is significant exposure to founders. It is crucial not to "steal" a founder's time, but usually delegation trips to other countries are a waste of resources and very successful founders will refuse to just be showcased.

Procurement into larger corporate structures can be facilitated, and the key touch points of the international tech scene can be leveraged to create international exposure.

At Websummit, TechCrunch Disrupt, Summit at Sea, Davos, Pioneers, TOA, Slush, DLD, etc. (see "Entrepreneurship Ambassadors" Whitepaper).

Founders (first time)

First time founders are inspired by others to join the startup bandwagon: Both international tech giants as local heroes are engaging, daring, leading individuals, that inspire entrepreneurship and founders to try themselves.

The implementation of above mentioned strategies for a & b will show the desired result of an increase in founding activity.

Proposed Strategy

It is crucial to make sure as many future talents as possible get face to face with the above mentioned targeted audiences a & b as early in their career as possible.

Having a & b present and engage in universities and schools, showing what people can do and achieve when daring to try is the engine for inspiring future entrepreneurs.

Embracing the culture of failure takes away much of the hurdles for first time entrepreneurs, and accelerators and incubators aimed at early stage entrepreneurship can facilitate higher success rates for them.

Regulatory authorities need to make sure to deregulate early stage entrepreneurship and risk as much as possible following a simple logic:

The more founders try, the more jobs are created. The more entrepreneurs and employees learn,even in failure, the more the ecosystem grows in knowledge.

4.2

Founders (serial, expat)

Serial founders are a very flexible and highly global target audience.

Having one, two or more exits under their belt serial entrepreneurs tend to look for new and inspiring environments, which need to be internationally oriented and supremely easy to deal with.

The spillover effect on the local ecosystem to attract international serial entrepreneurs to start "their next big thing" in Portugal is to sustain the momentum and hype Portugal experiences currently, and produce exits and sustainable startups with an international acclaim starting to have effect two to 6 years down the road.

Proposed Strategy

Serial Entrepreneurs are not easy to reach. The most important way to reach serial entrepreneurs is to advertise and successfully implement an english speaking regulatory environment, ease of opening a business and highly flexible and deregulated approach to relocation (see Estonia E-Residency programs as benchmark).

Word-of-mouth and the "Entrepreneurship Ambassador Program" are the most likely means of reaching this target audience. Targeted relocation of international thought leaders and corresponding media attention need to be a primary focus, creating and sustaining a continuous stream of expats founding their business in Portugal.

Academia

It is important to note that academics only partly provide the breeding ground for founders (with the exception of business schools). More so academia provides for resources and engineering talent, pushing borders in what is possible, and creating intellectual property that founders can turn into businesses.

Not every researcher should become an entrepreneur, neither should every adolescent become an academic. In result activities can be misoriented when perceived as the primary source for future entrepreneurs (university incubation, student entrepreneurship programs.). Often extrovert and rogue founders can be found everywhere, but in universities.

Proposed Strategy

We need to make sure to increase exposure between entrepreneurs and academia, by visiting classes, guest lectures, events and generally crossover programs between academic education and tech entrepreneurship.

Focusing first on design, business, engineering and social sciences, Professors should be endorsed to participate in their students spinoffs and take an active part in the entrepreneurship realm as Business Angels (prime example: Stanford University).

Funding structures and legislation around these programs should be developed and supported through regulatory bodies.more founders try, the more jobs are created. The more entrepreneurs and employees learn, even in failure, the more the ecosystem grows in knowledge.

4.2

Established Industry

Established incumbents are in dire need of innovation: From Media, Banking, Production (Industry 4.0, IoT) to luxury goods (wine, fashion) all business verticals are "touched" by technology, regardless of their current and contemporary success.

The highest likelihood of a successful transition of established businesses to the digital age is the continuous exchange with startup entrepreneurs and founders.

Providing resources and very similarly to tech giants (a) transferring knowledge, providing networks and bridging culturally will have a two-sided effect:
Making startups more likely 6 to succeed and fueling the ecosystem on one hand, and disrupting their own structures to compete in the future on the other hand.

Proposed Strategy

We need to facilitate government reach to c-level executives of all industries to engage with startups at the highest point of hierarchy, and moderate between the cultural differences of these worlds.

Easing the use of resources and compliance restrictions of public and private incumbents is a significant potential for regulatory bodies to innovate.

4.1

Venture Capital

It is very important to note: Money will find its way. The shortage often complained about by founders in available funding is often only true for those struggling to launch the next phase of their business in a highly benchmarkable environment (from Angel stage to Series Seed, A, B, C ... and IPO).

Nonetheless funding strategies already implemented (co-investing with business angels and VC's) de-risk investments and make invested money more efficient.

The danger of these strategies, in some cases similar to European Commission's funding schemes, can be to create a secondary realm of entrepreneurship that is maintained artificially. In addition some businesses that have relied heavily on government funding are unlikely to find followup funding from

Proposed Strategy

We need to make sure that programs are benchmarked against the market: We need to prevent "dumb money" to be too easily available, to not distort the eco-system.

Established VC's and Business Angels from across Europe need to be involved in the decision process and design of the programs. Successful founders (first time and serial) need to provide feedback to business terms, legal terms, speed and decisive processes (board structures) of funded funds and Business Angels, in order to benchmark against the current speed and development of the market.

Innovative funding schemes (e.g. Y Combinator's SAFE) need to be adopted to local regulatory frameworks, and cross referenced in compliance with internationally active VC's.

Incorporations and articles of associations need to be benchmarked, simplified, translated in english and made available digitally as templates wherever possible, to make foreign investments and co-investments as easy as possible.

5.0

Final Remarks

The implementation of the proposed strategies requires for Startup Portugal to be operated like a startup.

We need to "eat our own dog food" and be utmost entrepreneurial: The feedback and voices of founders, local and international, press and industry (our customers) is what we need to optimise by, and relate our learnings and findings into government and regulatory initiatives.

The successful support and maintenance of an entrepreneurship ecosystem needs a high level of involvement and communication between all actors, predominantly with government.

The highest risk to this date is the availability of resources: but like any startup we start small, and intend to grow fast.

To be innovative on the highest international level, synchronising between the EU, its member states, Latin America, the US, China and India and benchmarking against the utmost innovative policies and regulations, private and public initiatives is our goal.

6.0

Next Steps

The immediate next steps are as follows ...

1// Create micro strategies for each target audience, short term and long term

2// Create / update marketing collateral (pitchdeck, website, social media, brand guide)

3// Create whitepapers to gather support for:

        a/ Entrepreneurship Ambassador Program
        b/ One stop shop for expats and VC's
        c/ Sandboxes for regulatory free realms
        d/ National Incubators Network
        e/ Startup Voucher
        f/ Momentum Programme
        g/ Incubation Voucher
        h/ Seed Programme
        i/ Hiring Incentive
        j/ National Makers Network
        k/ Simplex for Start-ups
        l/ Inclusive and job-oriented Entrepreneurship

4// Create budget and timeline of activities for 2017

5// Install team and brief all stakeholders after internal consensus