

2025



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S9+ Declaration

This declaration, supported by startup and scaleup organisations from D9+ countries - the S9+ coalition - calls for disruptive measures to ensure the technological advancement and open competition for European tech companies, both in the short and long term.

Executive Summary

This executive summary highlights the key recommendations from the S9+ declaration, structured around five core areas: AI competitiveness, data regulation, growth capital, innovation-driven market access, and digital infrastructure.

1. Strengthening AI Capacity and Competitiveness

To regain competitiveness, Europe must strengthen its AI infrastructure and capacity, ensuring that startups and scaleups have access to infrastructure, talent, and investment needed to lead in the global AI race. **D9+ must work to ensure AI R&D funding is startup-first, prioritising fast-tracked grants and equity investments.**

2. Balancing Data Regulation to Support Startups

The EU must establish a balanced regulatory framework that supports AI innovation while ensuring fair and open data access. Rather than introducing new layers of complex AI data governance, policymakers should focus on enforcing existing laws, ensuring public data remains open for innovation, and simplifying regulations where necessary. **D9+ must work to harmonise the Digital Single Market** by reducing administrative barriers and ensuring smoother cross-border expansion.

3. Unlocking Growth Capital

A significant funding gap continues to hinder European startups, particularly during the scale-up phase. The US maintains a 3-4x investment advantage, while European pension funds remain largely untapped for venture capital. **D9+ must work to unlock institutional capital for growth-stage startups by enabling pension funds to invest in venture capital.**

4. Preserving Innovation, Competitive Sales and Export Methods for Startups

Startups rely on cost-effective and data-driven marketing to reach customers, validate their business models, and scale internationally. Unlike large corporations with established brands and extensive resources, startups depend on targeted advertising to compete in a crowded digital marketplace. **D9+ must work to preserve this tool for startups in the upcoming Digital Fairness Act and ensure there is clear regulatory alignment** and harmonisation across the EU in digital advertising rules to prevent legal uncertainty and fragmented national implementations.

5. Enabling Digital Infrastructure for Startups

Startups rely on affordable and high-quality computing power, cloud services, and broadband connectivity to develop and scale their businesses. However, rising costs, fragmented infrastructure, and access limitations threaten Europe's ability to compete in the global digital economy. **D9+ nations must work to ensure that digital infrastructure policies prioritise startup accessibility, keeping AI compute, cloud services, and connectivity affordable, interoperable, and globally competitive.**

Implementing these key policy measures is essential for ensuring that Europe remains a leader in innovation and digital competitiveness.

The S9+ Coalition is composed of the startup organisations of the digitally progressive (D9+) Member States: Dutch Startup Association (the Netherlands), Danish Entrepreneurs (Denmark), Adigital and EsTech (Spain), Estonian Founders Society (Estonia) Scale-ups.be (Belgium), Czech Startup Association (Czech Republic), Finnish Startup Community (Finland), Startup Portugal (Portugal), Startup Poland (Poland), Swedish Incubators & Science Parks (Sweden) and Allied For Startups (EU).

Startups are the strategy

Startups have been at the heart of every major transformation in recent history, and today, powered by digitalisation and AI, they **are once again shaping the future**.

They are **engines of innovation, economic growth and technological progress**, driving digitalisation of industries, transforming SMEs, modernising public services, and strengthening Europe's competitiveness. While they start small, **their impact is outsized**—a handful of high-growth companies account for a third of all value created (Dealroom.co: 0.01% of companies produce 34% of all value).

Europe now faces a systemic crisis in economic, technological, and geopolitical stability which has been years in the making. As outlined in the Letta and Draghi reports, the solution must be, in Draghi's words, "radical change." **Europe cannot regulate its way out of stagnation** – it must invest and innovate its way forward. Technological progress is accelerating, reducing the time between new innovation and impact to reach societies.

This rapid shift creates fresh opportunities to disrupt traditional power structures. Europe has a clear chance to lead, to **challenge the dominance of the US and China** and **become an innovation superpower**. To win the next era of innovation. If building tech companies were a card game, today's world would be dealing new hands at an ever-increasing speed; **Europe must buy in and be ready to play**. Startups are the centre of that transformation. **Startups are Europe's strategy**.

D9+ must take the lead.

While Europe has all the elements needed to succeed, **too many of our most promising companies leave** the continent to seek better framework conditions abroad, and far too few startups are scaling within our borders. As a result, **Europe forfeits job creation, technological leadership, economic and military resilience**, and strategic autonomy in key sectors. We are losing our chance for a prosperous, peaceful, and competitive future.

Instead of fostering flexible and future-proof frameworks, **Europe's excessive and fragmented regulation has become a self-imposed barrier**, making scaling for startups increasingly difficult.

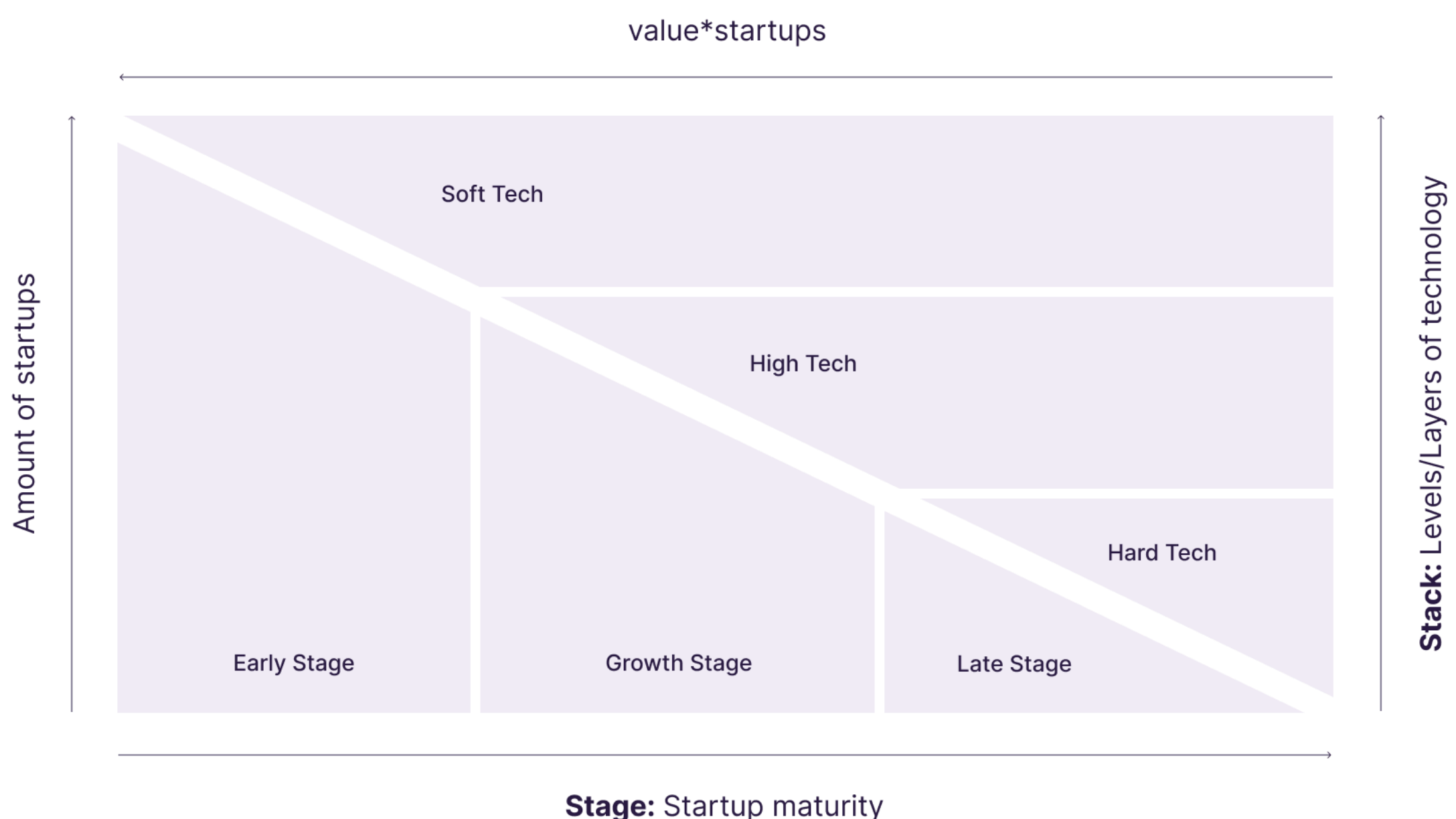
As Draghi highlights, **EU-imposed restrictions function like a 45% tariff on manufacturing and a 110% tariff on services**, making trade between Member States only half as active as trade between US states. Burdensome rules such as GDPR have already cut small tech firms' profits by up to 12%, showing how **well-intentioned regulation can backfire**.

Europe must therefore shift from reactive policy making to a strategy that fosters long-term growth. Europe's policy choices and its ability to lead in the next wave of technological advancements depend on it. The efforts put forward by the European Commission on regulatory simplification are an opportune initial step, but **we must ensure that startups are placed at the centre of new innovation** and become the strategy.

Stage vs. Stack

To build a “Startups as a Strategy”-framework, **we must recognise that not all startups are the same** and that a systematic approach is needed to ensure that different technology layers and startup stages reinforce each other. **Startups' needs vary depending on their stage of growth** and the technology stack they operate in. This is why a Stage vs. Stack approach is essential.

Stages range from early to late, while **technology levels are categorised into hard tech (or deep tech), high tech, and soft tech**. By understanding where startups are in their growth journey and what type of technology they are developing, **we can tailor policy interventions** that maximise their impact. Stage vs. Stack is also illustrated in the following graph.



The “Eight Gates Of Access” for Startups

Recognising that **startups operate at different stages of growth** and **within distinct technology stacks** is only the first step. To translate this understanding into a thriving startup ecosystem, we must ensure that startups have seamless access to the critical resources they need to scale.

We have identified eight critical areas that define the essential building blocks for a thriving startup ecosystem – what we call “The Eight Gates of Access”. Each gate represents a fundamental resource or enabler that startups need to scale and succeed. **D9+ should push for these critical areas** to be thoroughly integrated into the upcoming EU Startup and Scale-up Strategy and the European Innovation Act to ensure a comprehensive and effective framework for fostering startup growth and innovation across the EU.

It is imperative, **in the systemic crisis Europe found itself in, that we ‘fire all engines’**. Europe needs to drastically **improve all gates of access** for every stage and at every stack level, to accelerate Europe and to regain competitiveness, technological sovereignty, autonomy and the wealth needed to continuously support that.

Access to Tech (1)

Due to rapid development of technology, availability of the latest advances is crucial for both technological and direct wealth development in Europe. Therefore Europe should **conduct an open approach** to globally available technology and facilitate the adoption of it and innovation in the European companies. Particularly **AI, compute-power and digital infrastructure are crucial** to increase productivity in the short amount of time that is needed. This can **always be done while upholding the European values** that set Europe apart.

Access to Capital (2)

Funding is needed in all stages of startups and on **all** levels of technology. To be able to keep paying for innovation, autonomy and safety, Europe needs fast and large wealth creation, therefore it should encourage investment in not just hard or deep tech and late stage startups, but also those European emerging **companies that are generating exponential growth through the use of globally available** digital technologies in the soft tech layer from early to late stage. It is also imperative that we promote and incentivise private pension funds and institutional investors to invest in VCs and startups.

Access to Markets & Exits (3 & 4)

Startups need large markets to scale. According to the IMF, **startups scale in Europe at a high internal cost** for crossing each border (45-110% cost increase). **Regulatory fragmentation** within the Digital Single Market —**such as national tax differentiation, language requirements**, and administrative red tape— adds further barriers, making expansion unnecessarily complex. Europe needs to remove all friction to scale within its main borders **by implementing the 28th regime fast** while also focusing on supporting scaling beyond Europe, in order to keep startups rooted in the EU. Combined with a proper **Savings and Investment Union** it would not only prevent startups from leaving, but combined with a European wide tech stock market, **Europe will be able to have new giants emerge** from its very own continent.

Access to Talent & Research and Education (5, 6 & 7)

Europe must **improve policies on visas, ESOPs, expat tax reliefs**, and access to educational platforms (including online learning, schools, and universities) to attract and retain top talent. **Implementing the Fifth Freedom for research, as proposed in the Letta Report**, is crucial to ensuring a seamless flow of knowledge, innovation, and expertise across borders. By fostering an environment where talent, research, and commercialisation thrive, Europe can strengthen its position as a global leader in innovation.

Access to experimentation/opportunity (8)

To prevent stifling innovation by regulatory burdens and global competition, **Europe needs** to provide freedom of growth, by providing **tech-friendly zones, regulatory “sandboxes”** coupled with a gradual increase in regulatory requirements (“the regulatory ladder”).

While all eight gates are crucial, five fundamental pillars stand out as the most urgent areas for D9+ policy intervention. The following sections provide concrete recommendations for D9+ leaders to revolve regulatory bottlenecks, and create a competitive environment where startups can thrive →

1. Strengthening Europe's AI Capacity and Competitiveness

AI is at the core of the current wave of digital transformation, driving innovation across industries, from healthcare to advanced manufacturing. To regain competitiveness, **Europe must strengthen its AI infrastructure, talent and capacity**, ensuring that startups and scaleups have access to the technology, talent, and investment needed to lead in the global AI race. **Europe must also scale up its AI and cloud infrastructure** to compete globally, while also **maintaining open global access** as this development progresses. **A targeted investment strategy** and an open approach are essential to ensuring that startups have access to cutting-edge AI technologies, enabling innovation and growth.

Recommendations for D9+

- 1. Increase funding for AI research and development (R&D)** to bridge the gap with global leaders and strengthen Europe's AI capabilities. Investments should focus on cutting-edge innovation, talent development, and scalable AI solutions to ensure European startups remain competitive on the global stage. To boost R&D investment, the forthcoming European Research Area Act should align EU and Member State funding, while targeting areas where Europe can gain a strategic advantage.
- 2. Ensure AI R&D funding is startup-first**, with a stronger emphasis on fast-tracked grants, equity investments, and streamlined application processes. The focus should shift from purely academic research to market-driven innovation with clear commercialisation pathways.
- 3. Avoid policies that restrict access to international AI advancements.** Instead, policies should facilitate cross-border AI collaboration and ensure open access to global technologies, enabling startups to scale and compete internationally. Policies should promote interoperability and prevent restrictions that limit startups' ability to leverage the best available AI models, cloud and computing resources worldwide. Open-source should also be embraced as it allows startups to build on AI technology without restrictions and at any server.
- 4. Ensure AI regulation prioritises predictability, proportionality, and startup engagement.** The guiding principle should be regulation-first, not over-regulation-first, meaning that new compliance frameworks should only be introduced if absolutely necessary, and only after startup consultation. To prepare for the Omnibus proposal, a comprehensive fitness check should be conducted, reassessing all digital regulations—including the AI Act—to evaluate their administrative burden on businesses and overall necessity.
- 5. Non-legislative instruments should not create regulatory uncertainty** or impose additional compliance burdens, as seen with the AI Code of Practice, which risks making it harder for startups and scaleups to navigate the AI landscape. A risk-based approach should be adopted, ensuring proportional measures and increasing startup participation in structured stakeholder discussions to keep regulations innovation-friendly.

2. Balancing Data Regulation to Support Startups

The EU must establish a balanced regulatory framework that supports AI innovation while ensuring fair and open data access. **Rather than introducing new layers of complex AI data governance**, policymakers should focus on enforcing existing laws, ensuring public data remains open for innovation, **and simplifying regulations where necessary**. Overly restrictive or fragmented data rules risk disproportionately harming startups, as large incumbents can more easily absorb high compliance costs. **To maintain Europe's competitiveness, data access policies must support AI-driven startups** and a harmonised internal market for data is required, addressing fragmentation, rather than creating additional barriers.

Recommendations for D9+

- 1. Avoid unnecessary regulatory overreach and excessive barriers for AI-driven startups.** Existing EU laws already grant users control over their data, making additional restrictions unnecessary and potentially burdensome. The D9+ should ensure that any upcoming Digital Fairness Act proposals focus on simplifying data frameworks rather than expanding restrictions, while also preventing legal and financial obstacles that hinder startups from training AI models.
- 2. A balanced approach is needed to ensure data usage regulations** support both innovation and IP protections. Fair use principles should be considered to enable startups and researchers to build on existing knowledge without unnecessary barriers. The EU has already adopted many data legislations - therefore, new regulations should be introduced only after proper implementation and evaluation of existing frameworks.
- 3. Ensure legal certainty and consistency in GDPR enforcement** by defining clear data access rights and usage rules that apply uniformly across sectors and countries. Reducing regulatory fragmentation and eliminating gold-plating at the national level will create a predictable framework for startups scaling across the Single Market.
- 4. DPA's and the EDPB should always consider the impact on startups** and European competitiveness as a standard principle when making enforcement decisions. A rigid, overly protective approach in many member states has slowed technological development and contributed to Europe's economic stagnation. A more innovation-friendly enforcement culture is needed to support emerging AI and data-driven startups.
- 5. Accelerate the development of European data spaces and ensure seamless data portability across strategic sectors to enhance data availability for AI-driven innovation.** Data spaces alone are not enough if data cannot move efficiently between them. And so far, only the European Health Data Space (EHDS) has been established, but its full implementation will take years. To strengthen Europe's position in AI and digital innovation, it is crucial to expand and fast-track data spaces in other key sectors such as energy, mobility, and advanced manufacturing. Providing startups with access to high-quality, structured data will unlock new opportunities, drive competitiveness, and fuel technological advancements across Europe.
- 6. Strengthen and harmonise the Digital Single Market** by ensuring seamless passporting for startups. Inconsistent national regulations and red tape create barriers to scaling across Europe. D9+ must push for mutual recognition of licences, streamlined compliance, and full enforcement of harmonised digital market rules to enable startups to expand efficiently
- 7. Ensure that the upcoming Data Union Strategy enables practical, secure data sharing** between private and public entities, simplifies regulatory processes, and provides a clear pathway for the development of new data applications

3. Unlocking Growth Capital for European Startups

While Europe has made progress in early-stage funding, **growth and scaling remain major challenges**. **The US still maintains a 3-4x funding advantage over Europe**, and according to the European Investment Bank, European startups raise 50% less capital than their US counterparts by their 10th year, and late-stage companies often rely on US investors to expand. **The EU accounts for just 5% of global venture capital, compared to 52% in the US, and 40% in China**, leaving Europe at a competitive disadvantage. **Scaling across Europe is further complicated by 24 languages, 8 currencies, and fragmented regulations** across the single market. Structural barriers such as fragmented capital markets, restrictive pension fund rules, and limited late-stage funding mechanisms continue to hold European startups back.

Recommendations for D9+

- 1. Unlock institutional capital for growth-stage startups and enable pension funds to invest in venture capital** - currently only 0.2% of European pension fund assets are allocated to venture capital, representing a massive untapped potential. D9+ should push for targeted incentives to encourage institutional investors to allocate more capital to venture investments. This could include tax incentives, removal of regulatory barriers, matching funds, and first-loss protections, making venture capital investments more attractive and reducing perceived risks for institutional players. All of this should be addressed in the Savings and Investment Union, to improve scale-up funding, and create a harmonised capital market across the EU, easing access to growth capital. Member States should actively participate in these discussions taking into account their diverse systems—ranging from the existence or absence of pension funds to the different mechanisms for channeling these funds into startups.
- 2. Strengthen and expand existing funding programmes and institutions** such as the EIF, EIB and EIC, that provide crucial capital to late-stage startups to ensure faster impact, rather than creating entirely new structures.
- 3. Provide startups access to the Strategic Technologies for Europe Platform (STEP)** in their three lines of work; digital technologies, deep-tech and biotech.
- 4. Enhance public-private co-investment models** by establishing co-investment programmes where public funding de-risks private investments, particularly in early-stage startups.
- 5. Adopt a “market-follow” rather than a “market-failure” approach** to ensure that Europe does not miss the next disruptive development that determines global markets. Put special focus on the public support to lead private investors reinforcing their role on key rounds for EU tech champions.
- 6. Take inspiration from the UK’s Enterprise Investment Scheme (EIS)**, which has successfully mobilised billions in private capital through investor incentives, and encourage a stronger M&A culture, where European corporates acquire startups at competitive valuations.
- 7. Introduce a tailored risk approach for early-stage investments** in startups emerging from academic research.
- 8. Improve secondary markets to ensure better VC exits** by strengthening Europe’s public markets to create attractive exit opportunities for angel and VC-backed startups. This should involve creating a specialised EU stock exchange with a regulatory framework designed for deep tech startups, which would allow them to access larger pools of capital and potentially achieve higher valuations.

9. Reduce IPO compliance burdens and develop late-stage VC funds that actively push startups towards public listings, reducing the reliance on US stock exchanges.

10. Extend GBER Article 22 for startups - the current five-year limit on 100% state aid under GBER Article 22 is insufficient for startups, which require long-term and patient capital due to complex R&D cycles and regulatory processes. An extension of the article is crucial in order to allow 100% public funding for up to 10 years.

11. A fast-track mutual recognition scheme and an experimental “European Competitiveness Lab” are steps forward, and the proposal showcases the possibility of triggering ad hoc agreements among Member States that aim to advance towards the integration of the single market through pilot projects. Startups should be included in these projects.

4. Preserving Innovation, Competitive Sales and Export Methods for Startups

Startups rely on cost-effective and data-driven marketing to reach customers, validate their business models, and scale internationally. Unlike large corporations with established brands and extensive resources, **startups depend on targeted advertising** to compete in a crowded digital marketplace.

In the mission letter addressed to the Commissioner for Democracy, Justice, and the Rule of Law, **President von der Leyen calls for a Digital Fairness Act**. While the details remain vague, such regulation risks **imposing severe restrictions on targeted advertising**—one of the most effective tools for startups to develop products, reach customers and scale their businesses. Studies show that **startups being able to target their customers drive 162% more** new and returning customers than contextual ads, while restricting these tools lead to a 104% increase in their costs. In a market where European startups are already struggling against global competitors, **further restrictions could be the final blow** to many promising ventures and **would widen the competitive gap globally**, who continue to benefit from flexible digital marketing tools.

Recommendations for D9+

- 1. Preserve targeted advertising as a key growth tool for startups** to ensure they can compete, scale, and attract investment in an increasingly digitised economy. We must also ensure that startups have cost-effective, scalable access to these tools, and encourage competition in the digital advertising space. The D9+ should focus on preserving this tool for startups in any upcoming Digital Fairness Act.
- 2. Adopt a balanced regulatory approach** that safeguards user privacy while ensuring that startups retain access to effective digital marketing channels.
- 3. Avoid new restrictions that increase marketing costs for early-stage companies**, limiting their ability to reach customers efficiently and expand into global markets.
- 4. Ensure clear regulatory alignment and harmonisation across the EU** in digital advertising rules to prevent legal uncertainty and fragmented national implementations. Startups should be able to scale marketing efforts across Europe without facing inconsistent restrictions that increase compliance costs and limit their ability to reach customers efficiently.

¹ The Effects of Restricting Targeted Advertising for Startups

5. Enabling Competition and Choice in Digital Infrastructure

Startups depend on accessible, high-quality digital infrastructure to scale and compete globally. A regulatory environment that promotes competition and diversity among market players is essential. **An open and competitive market** ensures that startups can operate without restrictions and access the connectivity they need to innovate and grow.

Preserving net neutrality is there fundamental to ensuring that startups can reach customers. **Weakening net neutrality could lead to higher costs**, restricted market access, and limited user reach for startups. Instead of introducing new regulatory layers, **Europe should prioritise regulatory consistency** and assess the impact of existing frameworks before implementing additional rules. A clear and predictable approach will **encourage investment in connectivity, enable startups to scale**, and reinforce Europe's position as a digital leader.

Many startups - especially those in AI, gaming, remote work solutions and IoT-depend on fast and reliable connectivity. **Limited or expensive access could slow down the development** of these emerging technologies, where seamless connectivity is crucial for innovation.

Recommendations for D9+

- 1. Preserve net neutrality to ensure equal access for startups**, ensuring that the upcoming Digital Networks Act's goals do not inadvertently create tiered internet access or discriminatory practices that would disadvantage emerging companies.
- 2. Avoid excessive regulation on digital businesses** and thoroughly assess the impact of existing legislation—including the DMA, DSA, Data Act, NIS2, and the Cybersecurity Act—before introducing new rules. Ensuring alignment with the Better Regulation Agenda and the Draghi report's call to reduce regulatory burdens will help foster growth while preventing unnecessary constraints on innovation.
- 3. Ensure sufficient spectrum allocation to support emerging technologies** and innovation-driven startups. Sufficient and predictable spectrum allocation is crucial for emerging technologies. Startups developing next-generation digital solutions depend on fair access to spectrum to scale and compete globally.
- 4. Guarantee affordable, high-quality services for startups** with an interoperable, global digital infrastructure, including the access to computing power through initiatives like the AI Factories Initiative.
- 5. Design digital infrastructure with startups in mind** – policymakers should actively promote startup-friendly initiatives, including funding for AI compute and cloud credits for early-stage startups.

On behalf of

