

# Digital Agenda Assembly 2013

## Europe – Digitally Alive in Dublin



Uachtaránacht na hÉireann ar  
Chomhairle an Aontais Eorpaigh  
Irish Presidency of the Council  
of the European Union  
[eu2013.ie](http://eu2013.ie)

# Workshop6:

## Tech entrepreneurs: the path to success

### Results from online exchanges and activities

Discussion on the online platform revolved around three talking points:

- ‘What are the biggest challenges faced by entrepreneurs and in particular by web entrepreneurs during the current economic crisis?’
- Should the public sector help to fuel tech entrepreneurship? If so, how?
- How to promote networking and shift attitudes towards innovation and a risk-taking culture

More details of these discussions can be found in Annex III.

### Key points from the discussion at the workshop

The discussion throughout the day centred around a number of topics that can be essentially boiled down to two key subjects; opportunities for Web entrepreneurs, and the state of the accelerator market in Europe.

Opportunities for Web entrepreneurs:

There was a general view that opportunities have never been better for those wanting to be an entrepreneur due to the growth of accelerators and incubators across Europe.

It was suggested by some speakers that there is a generational difference in attitudes to failure, with younger people more likely to be of the opinion that failure isn't necessarily bad, it's a learning process. Additionally, it was suggested that younger people are not afraid to lose ideas to others, they are more likely to embrace a culture of sharing ideas with peers and the wider entrepreneurial community.

However, it was pointed out that it was wrong to put an age limit on entrepreneurship. This should apply to the age of a business as well as the age of an entrepreneur. Long-established businesses that are acting in newly innovative, disruptive ways shouldn't be disregarded.

It was suggested that the world is now 'flat' in terms of the sharing of ideas thanks to the Internet. It's less important where you're from or your place in society but what you're interested in. A pain point around this in the EU is Europe's diversity of languages a problem

the United States doesn't suffer anywhere near as much. However, it was argued that regardless of language issues, people will find ways to talk to each other if they want to.

In terms of support for entrepreneurs, Lean Startup methodology (1) was identified as a framework that can help entrepreneurs validate their ideas, particularly people who aren't 'born entrepreneurs'.

Accelerators:

The increasing popularity of accelerators (2) in Europe was a popular talking point. Benefits of this approach to early-stage investment and mentoring included (for investors) the ability to spread a portfolio across multiple startup companies in a simple way. Meanwhile, accelerators can 'pump prime' regional economies, seeding them with potentially high-growth businesses.

'Accelerator hopping' (where a startup moves from one accelerator to another to gain more investment and more mentorship) was seen by some as a problem, but others felt that it was sometimes a good thing. For example, TechStars London is attractive for teams that have already completed another accelerator, as it provides good access to the US market in order to expand companies' business opportunities.

On the question of whether Europe has too many accelerators, it was pointed out that no-one says there are too many angel investors or venture capitalists so why should they say there are too many accelerators? It was argued that market forces should dictate when there are enough accelerators.

## **Actions and commitments mentioned in the workshop; future steps**

While no firm commitments were made during the workshop, a number of proposals and suggestions were made for initiatives that could improve the situation for Web entrepreneurs within the EU:

- A Europe-wide platform to match needs of companies not involved in technology with the products and services offered by startups. This would be run by a central organisation with EU funding.
- In order to encourage more angel investment in early-stage companies, a co-fund could be set up to match angel funds in eligible tech startups. Meanwhile, EU-wide tax breaks for angel investors would be a useful measure, as would a programme to train a wider pool of investors in the particulars of tech investment.
- Coding should be taught from first-grade level across the EU as it already is in Estonia. Private initiatives such as Coder Dojo were mentioned but it was stated that it should be part of each country's official curriculum, to help build a stronger coding skill-set in the EU.
- A program linking retail the industry with tech companies, to assist with problems from website creation to fulfillment.

- Reducing bureaucratic restrictions on startups, including a pan-European ‘startup visa’ to allow easier hiring of talented people from outside the EU.
- One theme that kept emerging related to the need for role models in order to dispel myths around what entrepreneurs are really like and encourage more people to act entrepreneurially. Existing programmes that celebrate current achievements (Tech All Stars and Europioneers) were acknowledged as a start on this path.

## Footnotes:

1: Lean Startup methodology: As described by Wikipedia, ““Lean Startup” is a largely theoretical methodology for developing businesses and products first proposed in 2011 by Eric Ries. Based on his previous experience working in several US startups, Ries claims that startups can shorten their product development cycles by adopting a combination of business-hypothesis-driven experimentation, iterative product releases, and what he calls "validated learning".” [http://en.wikipedia.org/wiki/Lean\\_Startup](http://en.wikipedia.org/wiki/Lean_Startup)

2: Accelerators: Programmes that work with a small group of technology startups over a set timeframe (often three months), giving them an intense period of mentorship to ‘accelerate’ their businesses. Many accelerators will take a small amount of equity in each company that takes part. As such, most accelerators can be seen as early-stage investment vehicles that provide startups with skills and knowledge that will help them achieve follow-on investment.

## Annexes:

- I - Context of the workshop (adapted from online descriptions)
- II - Workshop programme
- III - Online discussion summary

## Annex I: Context of the Workshop

### Workshop 6: tech entrepreneurs: the path to success

ICT and web entrepreneurs have an enormous, recognised yet untapped potential of boosting the digital economy and transforming today's society. Top job creators, key in the economic recovery, they deserve a favourable environment to develop innovative ideas starting up and flourish in Europe.

This workshop took us further into discussion, brainstorming, development and validation of concrete measures to support European entrepreneurs. The conclusions of the previous editions of the Digital Agenda Assembly served to identify the needs of the ICT and web entrepreneurs. This year's event gained a new context aligned with the work done within the web entrepreneurs' action plan, as we are moving from identifying needs to celebrating entrepreneurship and validating concrete new actions, undertaken by both entrepreneurs and stakeholders supporting them, including actors from accelerators, venture capitalist and crowdfunding networks. The workshop was organised in collaboration with the Irish National Development and Research Centre (NDRC).

## Annex II: Workshop programme

7:45 - 8:10 - Registration, Dublin Castle.

Buses left Dublin Castle at 8.15am to take the participants to the NDRC(auditorium room) where the workshop took place.

Chair and moderator of the day: Gary Leyden, National Digital Research Center, Ireland

Agent provocateur: Gary Cige, Le Camping - Silicon Sentier

Plenary advocate: Aleš Špetić, CEO, CubeSensors

Morning session

9:00 - Introduction to the event format & judging panel - Gary Leyden, NDRC LaunchPad

9:05 - Opening: Robert Madelin, European Commission, DG CONNECT

9:10 - Feedback from the online discussion: Alessandro Cenderello, Ernst & Young

9:15 - Pitching session Startups

9:35 - Demo area and questions from the judging panel

10:05 - Pitching session Startups

10:25 - Demo area and questions from the judging panel

10:55 - 11:15 - Coffee break

11:15 - Successful European entrepreneurs shared their recommendations, their best practices and success stories (in parallel Judges privately confer in a separate room)

Panellists:

Jordan Casey, Casey Games

Adrien Roose, Take Eat Easy

Damien Van Achter, NEST'up

Pat Phelan, Trustev - Tech All Stars Winner

12:25 - Winners (two best pitches) announced

12:30 -13:15 - Lunch

Afternoon session

13:15 - Welcome back - introduction to the event format - Gary Leyden, NDRC LaunchPad

13:20 - Achievements since DAA2012 workshop 8 on Entrepreneurship and Innovation - Gary Cige, Le Camping - Silicon Sentier

13:25 - Presentation of Eurapp - John Breslin, University of Galway

13:30 - Pitching and Q&A session

Four stakeholders (mostly accelerators) presented in a 5 min Pitch on main new initiatives they think of to support web entrepreneurs in Europe and increase their number.

Panellists:

Jon Bradford, TechStars

Willy Braun, France Digitale

Ville Simola, Startup Sauna

Karl Aherne, Wayra

14:10 - Coffee Break

14:25 - Pitching and Q&A session

Four public authorities representatives presented in a 5 min Pitch the best initiative they have in their country to support web entrepreneurs.

Panellists:

Juan Corro Beseler (Director of Cabinet of the Secretary of State for Telecommunications and Information Society, Spain);

Daniel Forslund (VINNOVA, the Swedish Governmental Innovation Agency);

Joan Mulvihill (Irish Internet Association)

Mario Campolargo (Director E, DG CONNECT, European Commission);

15:05 - Brainstorming session: "How to implement these initiatives at EU level?"

The audience was split into 8 teams. Each Panellist of the afternoon was assigned to one team and the brainstorming session focused on how to extrapolate each presented idea at EU level and how to implement it.

15:45 - Feedback to the room

Each Panellist of the afternoon feedback to the room the outcome of the brainstorming session from their team.

16:30 - Event closed and buses took participants back to Dublin Castle for reception.

17:00 - 19:00 - Social reception, Dublin Castle

## Annex III: Online discussion summary

Topic 1: What are the biggest challenges faced by entrepreneurs and in particular by web entrepreneurs during the current economic crisis?

### Challenges

- Keeping pace with the rapid technological developments: need for continuous investments, for quickly adapting products and creating new ones.

Based on the following comment: "The service you provide or the product you sell today, tomorrow could be too old. It is therefore necessary to make continuous investments in an economic situation where one of the main problems is the lack of liquidity: access to credit is very difficult to obtain, and quick payments by customers are becoming increasingly difficult, especially if customers are PA."

- Unprecedented challenges in access to credit (decreasing bank lending and risks implied by credit crunch).
- Liquidity gap, further worsen by late payments by creditors (included public authorities).
- Difficult and costly access to investors.

Based on the following comment: "Web entrepreneurs have to spend a lot of money (sometimes entry fees are high) in order to participate in workshops or fairs where they are put in touch with business angels and other types of investors."

### Examples/ best practices shared

- Lean start-up movement: shortening product development cycles and minimizing funding needs.

"Lean Startup isn't about being cheap [but is about] being less wasteful and still doing things that are big." (one of the principles of the Lean Start-up movement).

This is an approach, facilitated by online technologies and based on validated learning, scientific experimentation, and iterative product releases. It helps businesses to design their products or services to meet the demands of their customer base without requiring large amounts of initial funding or expensive product launches.

- Italian law on equity crowd-funding: facilitating new, alternative forms of financing for start-ups and SMEs.

Italy may become the first country in the world to adopt a law on equity crowd funding even before the US (the Italian Commissione Nazionale per le Società e la Borsa (CONSOB), the equivalent of the Securities and Exchange Commission in the US, submitted equity crowdfunding for public commenting in Italy).

### Further actions recommended

- Mobilizing the vast array of funding tools for each stage of the entrepreneurial life-cycle (VCs, Business Angels, seeds funds).

Adapt the forms of funding to the different stages of the life-cycle (early-stage as well as more established entrepreneurial ventures) and promote new sources of funding.

- Credit guarantee schemes as a way of providing finance to start-ups and supporting more established businesses.
- Providing for information and mentoring.

Many of the most successful start-up schemes around the world produce consistent results because they combine money with the coaching, information (e.g. on funding sources and opportunity) and practical

advice, as means to minimize costs, help to adapt and change quickly products, acquire information on markets and trends.

## Topic 2: Should the public sector help to fuel tech entrepreneurship? If so, how??

### Challenges

- Public aid and government funding schemes are crucial for entrepreneurs, but red tape, burdensome and long procedures could hinder their benefits;
- Money is only one side of the story: digital and entrepreneurial skills, access to services, knowledge transfer and stimulus to innovation are all important elements;
- Need for defining comprehensive strategies to support business creation, innovation and growth.

### Examples/ best practices shared

- Public funded accelerators, governmental incubators and city owned facilities;
- The French «Rapport Beylat - Tambourin : 19 recommandations pour stimuler l'innovation»:

The French strategy points out a range of recommendations, structured along 4 directions:

- develop a culture of innovation and entrepreneurship;
- increase the economic impact of research through knowledge transfer;
- assist the growth of innovative enterprises;
- make innovation a central point of political debate.

- Public-private partnerships, pooling together resources of existing public programs;
- Social impact bonds as a way of tying public and private sector funding together:

Based on the following comment: "In this scheme, the government would pay back the bond with interest and would guarantee part or all of the investment to the original bond holders. Though they are typically used to solve social problems, perhaps a hypothetical bond could be issued to "create 75 new start-up jobs in County Cork, Ireland." €5 million in bonds are issued, some private organization takes that money and gets to work, figuring out what is needed to spur that kind of innovation: VC, angels, vocational education, an advertising campaign, etc.

What I'm hoping is that this style of funding would bring in capital from investors who want to invest in entrepreneurship in the EU, but don't want to become VCs or angels, or perhaps to invest in start-ups with a bit less risk".

### Further actions recommended

- Promoting a coordinated support, by bring together all the components of a successful entrepreneurial ecosystems.

Government should promote the creation of a pro-business environment, by:

- Bringing together the different players, starting from Universities (especially for web start-ups, Universities act as crucial players: while other ICT sectors often born and grow in industrial clusters and research labs, web enterprises mainly born around top class Universities);
- Acting as catalysts for the different sources of funding and forms of support, by promoting the creation of clusters and incubators, creating facilities and events that allow the natural networking to flourish.

- Providing for tax incentives.

Tax incentives targeted at the each stage of the entrepreneurial journey:

- Start-ups: reducing the burden of indirect taxes.

- More established businesses: lowering income tax rates, tax incentives for investments and innovation;
- Investors: tax incentives can be used to encourage Business Angels and VC investment.
- Reducing the administrative burden.  
The complexity of tax administration places a significant burden on entrepreneurs, who often lack the time and resources to manage it.

### Topic 3: How to promote networking and shift attitudes towards innovation and a risk-taking culture?

#### Challenges

- Need for attracting and pooling together the most skilled-people, capitals, information, hi-tech infrastructures;
- Lack of a successful business culture and risk taking attitude;  
Based on the comment: “Europeans lack the successful business culture that US have proved to have. Google, Facebook and Amazon were all start-ups 15 years ago. They were not created in Europe because Europeans are more risk-averse, not because they are not networking.  
To conclude, Europeans ought to work on their risk-averse mentality and on different bankruptcy legislation”.
- Costs and stigma of failure, preventing people from setting up their own businesses.  
Bankruptcy laws need to strike the right balance between protecting creditors’ interests and offering entrepreneurs a second chance.

#### Examples/ best practices shared

- Networking as a crucial tool to get the correct information to meet the demand and focus on what works;  
 Create practical networking opportunities so that aspiring entrepreneurs can learn from other business in other regions.
- Concentrating entrepreneurship in hubs as a way to naturally bringing together people who share ideas;  
Several regional hubs or clusters are emerging or expanding within the EU, including several technology hubs that are gaining momentum.
- The EU freedom of movement as a opportunity to foster the circulation of talents and create specialized centers.  
Based on the comment: “EU freedom of movement helps talent go to in places which specialize in something; at the same time, because the EU is a transfer union, money will be sent from richer places to poorer, which will compensate for the concentration of new industry in hubs. That's not an ideal solution, but it will likely always be the solution for industries at the edge of technology, which require a lot of brain talent”.

#### Further actions recommended

- Celebrating role models and entrepreneurial success stories as a way to encourage people to set up their own business models;  
Based on the comment: “In this moment of economic crisis, the objective might become more and more to build something attractive enough to be bought by Yahoo!, Facebook or Google: Tumblr, Instagram, Waze, Glancee to mention few of the latest bought, or about to be bought. If start-ups don’t look for their business models, they will undoubtedly end up becoming a prey of foreign companies limiting

their potential contribution to create new jobs in the EU and help getting out from the economic downturn”.

- Enabling entrepreneurs to easily recover from failure;
- Unlock the potential of key segments of society, such as women, young people, immigrants.

Most countries have social groups that are under-represented in the entrepreneurial community: women, the disabled, and certain ethnic groups are typically less likely to pursue an entrepreneurial career.

Moreover, the potential of some key groups face specific barriers which prevent them from fully exploiting their potential, notably: young people typically face extra hurdles in securing funding, and talented immigrants often face discrimination.

Nevertheless, immigrants have a well documented attitude and propensity for establishing their own businesses. At the same time, investing in young people can have a huge impact. As a conclusion, targeted strategies designed to attract disadvantaged groups and key segments into entrepreneurship can broaden the entrepreneurial base and accelerate success.