

Portugal, the best place to Start Up



 Startup
& Entrepreneurial
Ecosystem
REPORT 2021



Index

- 1. Executive Summary** | 6
- 2. Our world today** | 8
 - Key market trends and the impact of the Covid-19 pandemic
- 3. Definitions** | 15
- 4. Where are we today? A snapshot of the ecosystem** | 21
 - Startups & scaleups
 - Enablers
 - Policy, regulation & incentives
 - Talent
 - Knowledge
 - Corporations
 - Capital
- 5. KPIs at a glance** | 76
- 6. How do we compare to Spain, Israel and Singapore?** | 78
- 7. The voice of the founders** | 82
- 8. The wisdom of the crowds** | 99
- 9. Emerging trends** | 113
- 10. Now what?** | 125
- 11. Portugal is a Digital Nation** | 135
- 12. Sponsors panel** | 140

Foreword by Portugal's Secretary of State for the Digital Transition



André Aragão de Azevedo

Secretary of State for the Digital Transition

The role of entrepreneurship as an accelerator of the digital transition and a source of innovation for our economy is unavoidable.

We are aware of the importance of this sector as a source of new, more competitive companies, based on digital business models and qualified human resources.

The ecosystem of startups and scaleups is particularly resilient, agile, and effective in adapting to adverse conjunctures, like the one we go through, thus having the ability to operate on an economic countercycle.

Entrepreneurship can be the catalyst for a faster economic recovery and for a structural change in the European economic model that makes it globally more competitive.

Our vision for the ecosystem is clear and not restricted to our country. The Portuguese presidency of the Council of the European Union aims to mark a new cycle for the European entrepreneurial ecosystem, based on a greater capacity for retention and attraction of startups, talent and investment.

We need a better knowledge of the ecosystem at national and European level, for the benefit of public policy decisions based on objective information.

That's why this study is so important. We can't manage what we don't know.

Foreword by IDC



[Gabriel Coimbra](#)

Group Vice President and Country Manager, IDC

Welcome to the final edition of the “Startup & Entrepreneurial Ecosystem Report, Portugal 2021”!

The purpose of this study is to provide a comprehensive and in-depth view of the Portuguese startup and entrepreneurial ecosystem. It provides a detailed view of where we are today, who are the major players, what are the key KPI, how Portugal compares with other nations. It is also the voice of entrepreneurs that chose Portugal as the best place to start-up.

In addition to the number of startups and information about policies, regulation, public incentives, capital, talent, corporations, and key enablers of the ecosystem, this report analyzes key emerging trends, challenges, opportunities, and what is next for the Portuguese ecosystem.

This report was developed based on existing IDC research, public data, a survey carried out among more than one hundred startups founders, and more than 30 in-depth interviews with key ecosystem’s stakeholders.

Based on the data and insights provided in this report, we can say Portugal is today one of the nations with the greatest potential for attracting and developing startups and scaleups. There are several aspects related to the ecosystem that can and should be improved, but the growth we have seen in the number of startups, unicorns, existing capital, and talent in the last 5 years has been impressive.

If we add other contextual factors - such as the fact that Portugal is considered the country with the best quality of life in the world, the second friendliest country for foreign investment, and the third safest country worldwide, with one of the best communication’s infrastructure in Europe - Portugal is probably one of the best places to startup!

Ecosystem

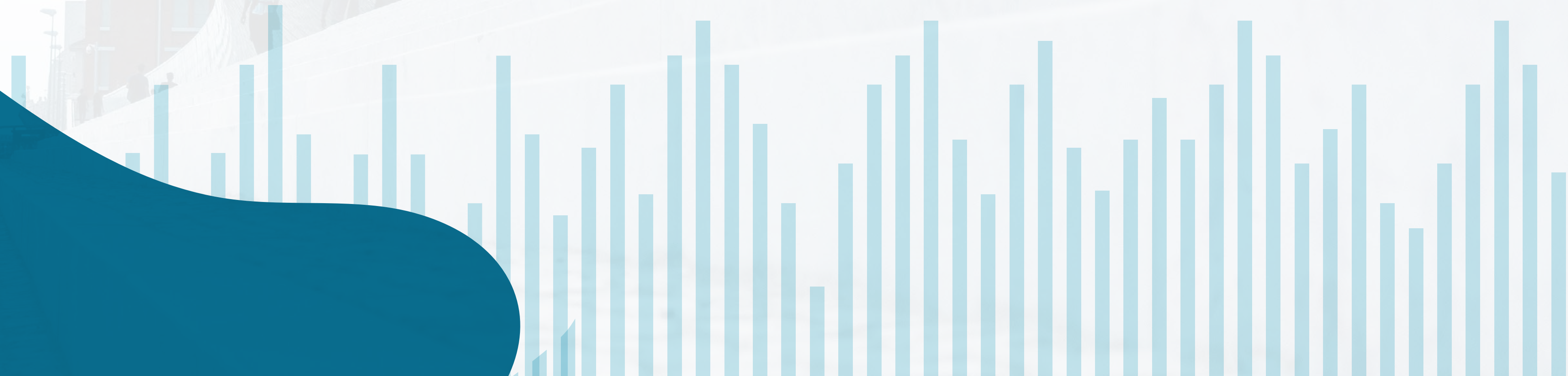


A hexagon is the shape that best fills a plane with equal size units and leaves no wasted space.

Hexagonal packing also minimizes the perimeter for a given area because of its 120-degree angles.

Our world today

Key market trends
& impact of pandemic



The pandemic changes everything

With the accelerating pace of changes, business and technology leaders need to be prepared for disruptions and opportunities.

POLITICAL

Instability, unrest, misinformation
Loss of faith and trust in institutions and leaders
Increase in nationalism, closed borders, trade wars, shifting alliances

ECONOMIC

Recession, massive unemployment, bankruptcies
Collapse of demand and supply
Resource substitution (technology versus people)

SOCIAL

Divisiveness, politicization, uneven impact to further split societies
Cyberthreats
Increasing virtual world and social networks

TECHNOLOGICAL

Increased advantage of real-time data and insights
Expansion of simulators, digital twin, online learning
Enhanced roles for 3D printing, robots, and drones

ENVIRONMENTAL

Massive COVID-19 pandemic
Energy industry disruption
Global food supply disruption

LEGAL

Agreements and contracts in limbo
Chained failures, force majeure
Changing risk and liabilities posture

BUSINESS

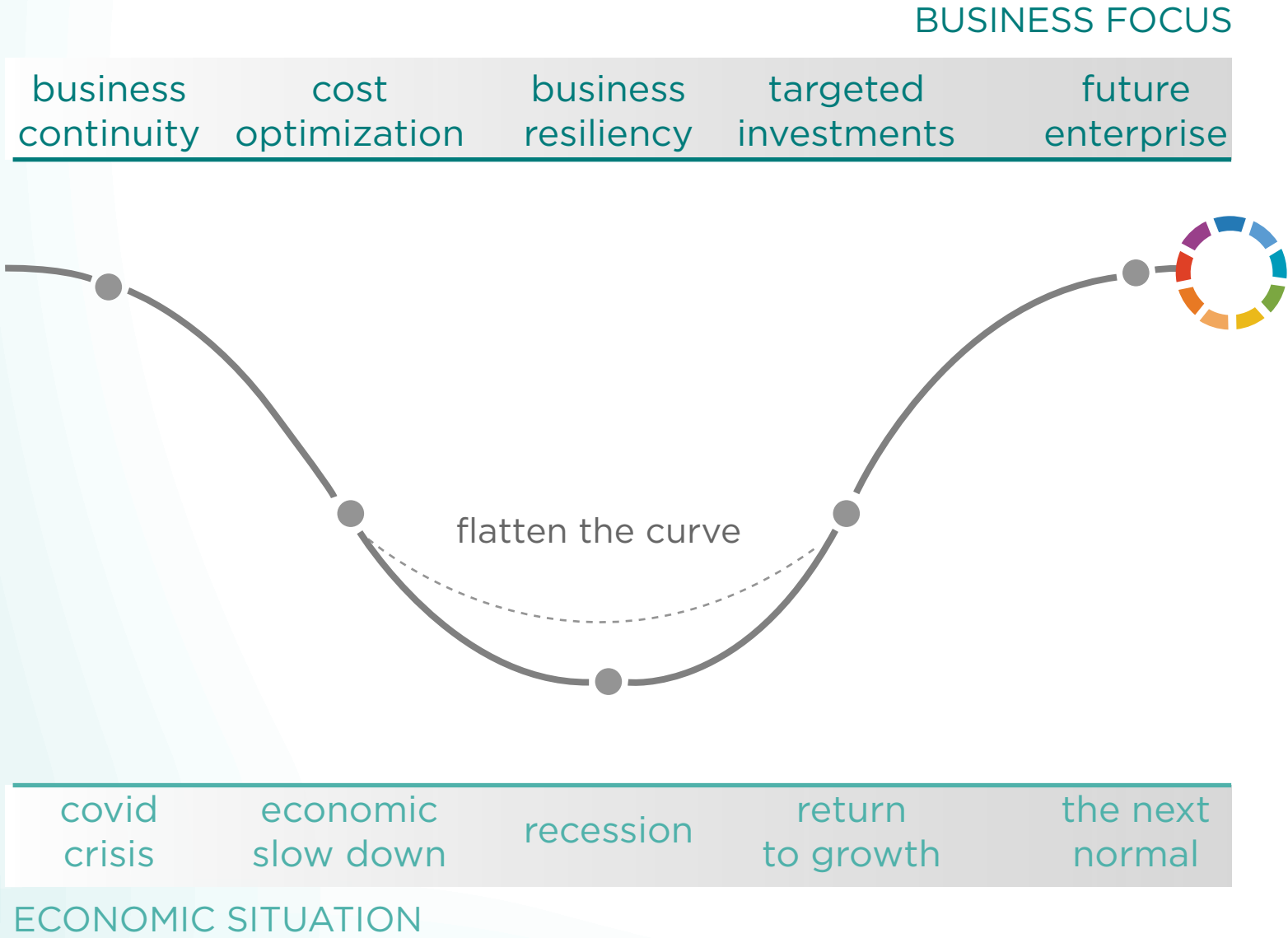
Supply chain disruption, new business and operating models
Sea change in customer expectations, more online, more automation
Hybrid remote/virtual and safe work mandates

2021 critical drivers

ACCELERATED DISRUPTION

Crisis, Resilience, and Opportunity

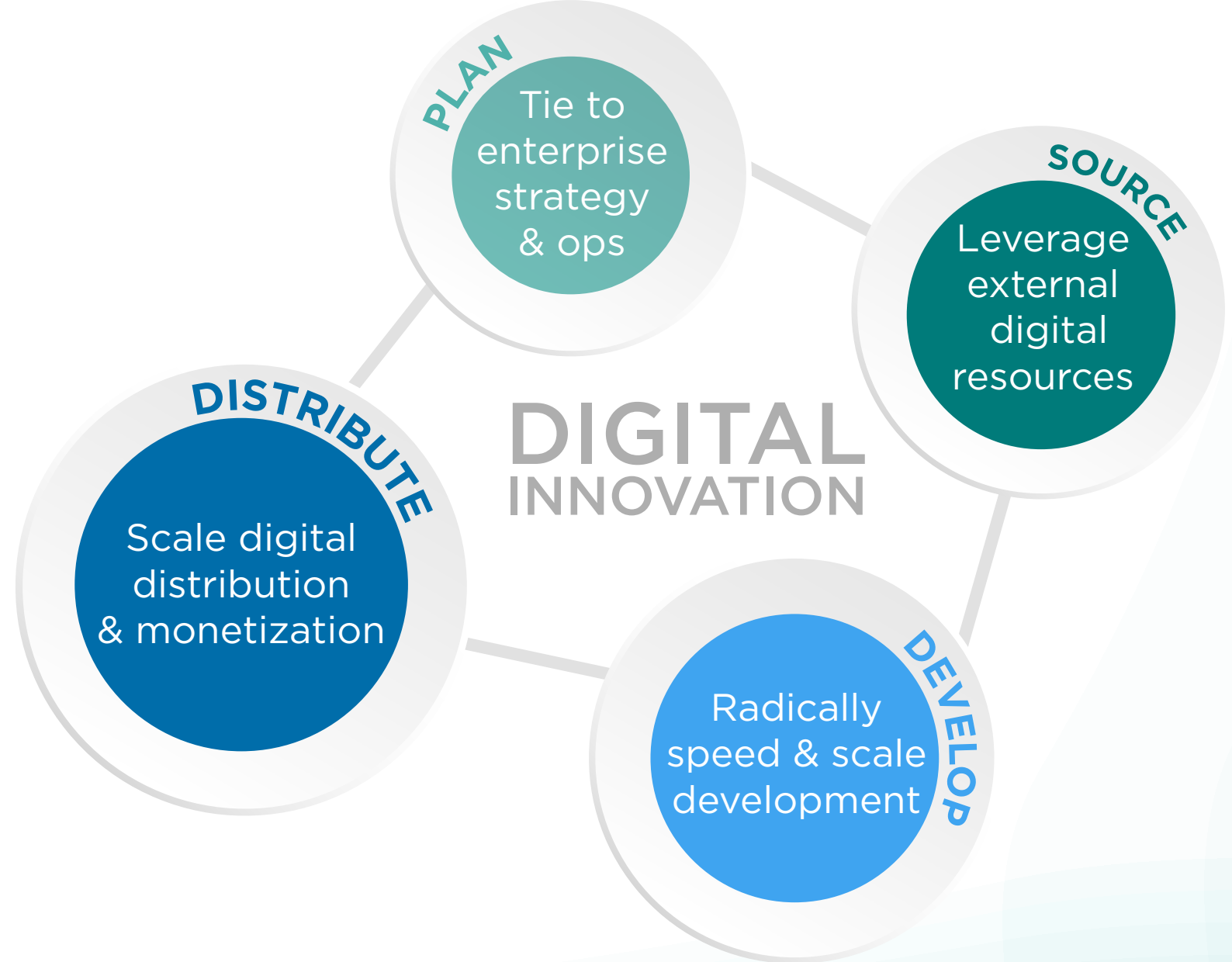
The pandemic has redefined disruption. Survival of the fittest is linked not to size or strength but to resilience and the ability to change — to move quickly, adapt, seize opportunities, and be ready for the next disruption.



THE NEXT NORMAL

Resilient Business and Operating Models

In the post-COVID-19 economy, expected changes in behavior, consumption and supply will force companies to adopt digital-led business and operating models that can survive lockdowns, movement restrictions, social distancing, supply disruptions, and more.

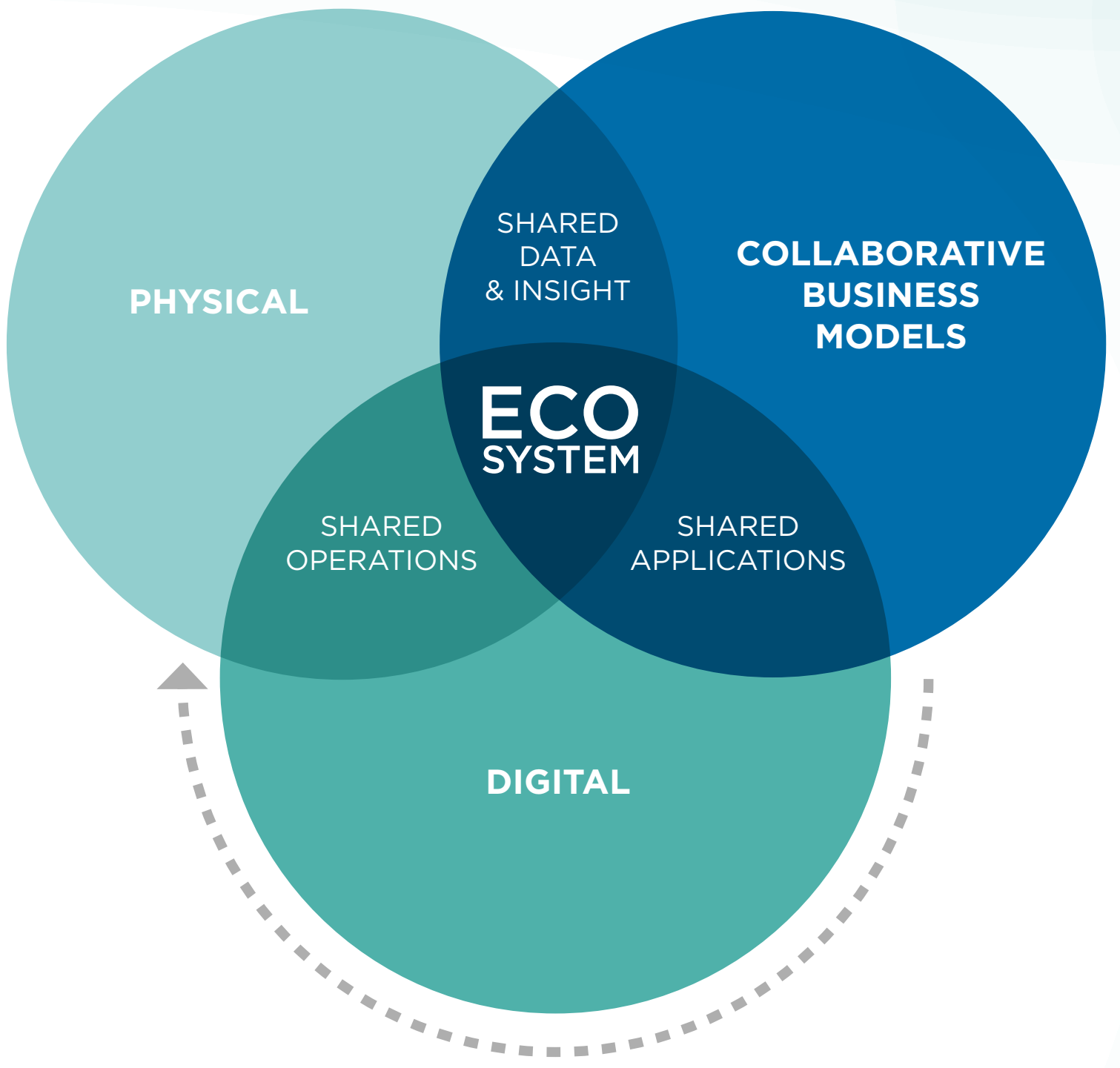
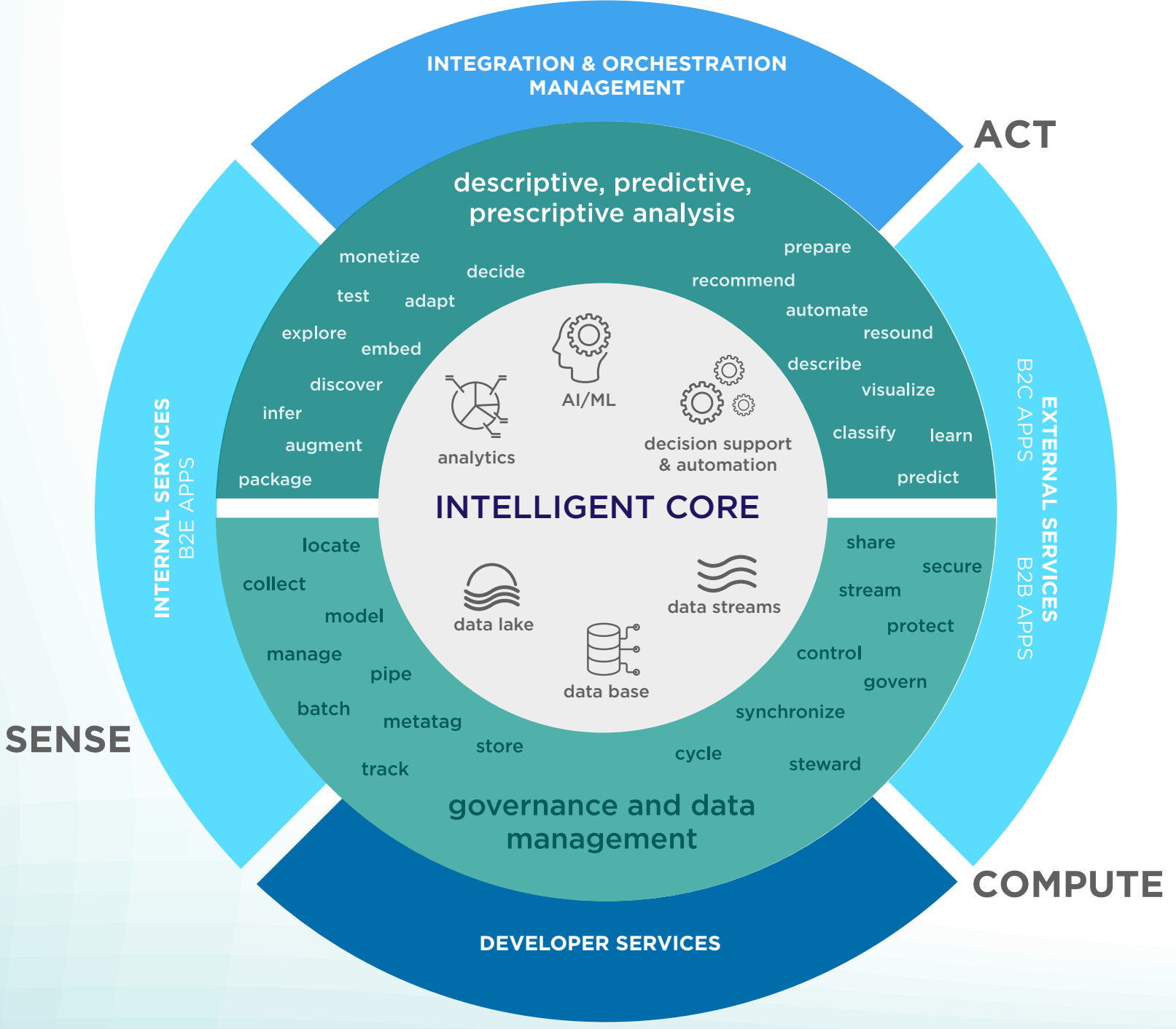


2021 critical drivers

INTELLIGENCE EVERYWHERE

Data Drives Action

The real-time continuum of applications and data that stretches from edge to network and core, from IoT, mobile devices, and more — combined with historical data, enterprise systems, and global information — continually “sense” an environment and put it into new contexts. AI and machine learning “compute” and spread intelligence to turn data into “action” and action into value.



DIGITAL PLATFORM

Ecosystems at Scale

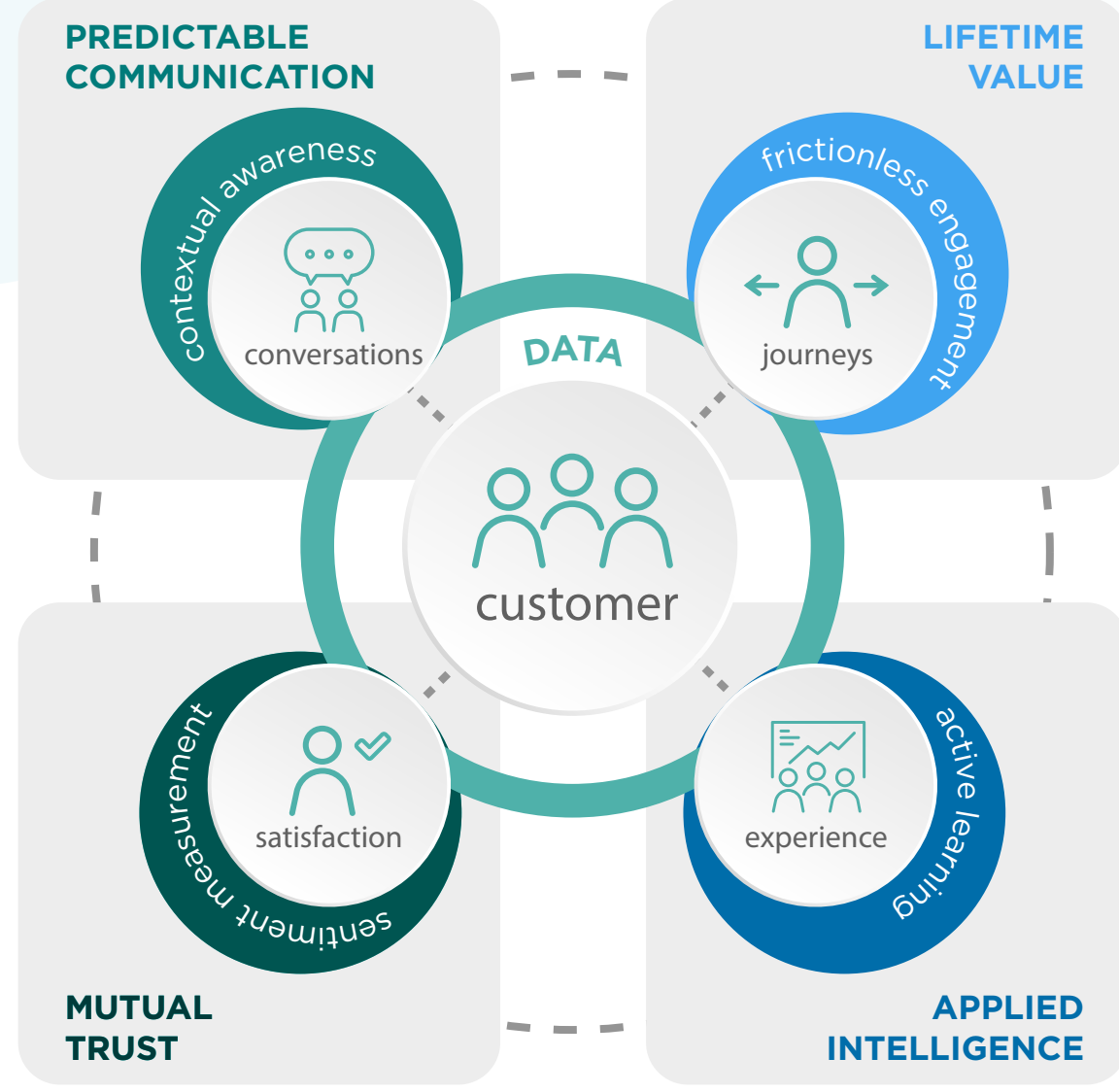
Understanding and provisioning the platforms that will sustain, advance, and scale business and operations and exert strategic control are essential for every business. A digital platform is the assembly of technologies, capabilities, and data upon which digitally enabled businesses run. The data exchanges, intelligence, and network effect within digital ecosystems generate new value beyond the platform itself.

2021 critical drivers

CRISIS OF TRUST

Meeting Rising Expectations

The COVID-19 disruption has exposed, accelerated, and introduced new threats to organizations and their assets, increasing noise and dissonance and eroding trust among partners and customers. Meeting expectations of trust and social responsibility become new competitive advantages where “trust = value.”



CUSTOMER ENGAGEMENT REDEFINED

Safe, Secure, and Sustainable Digital Experience

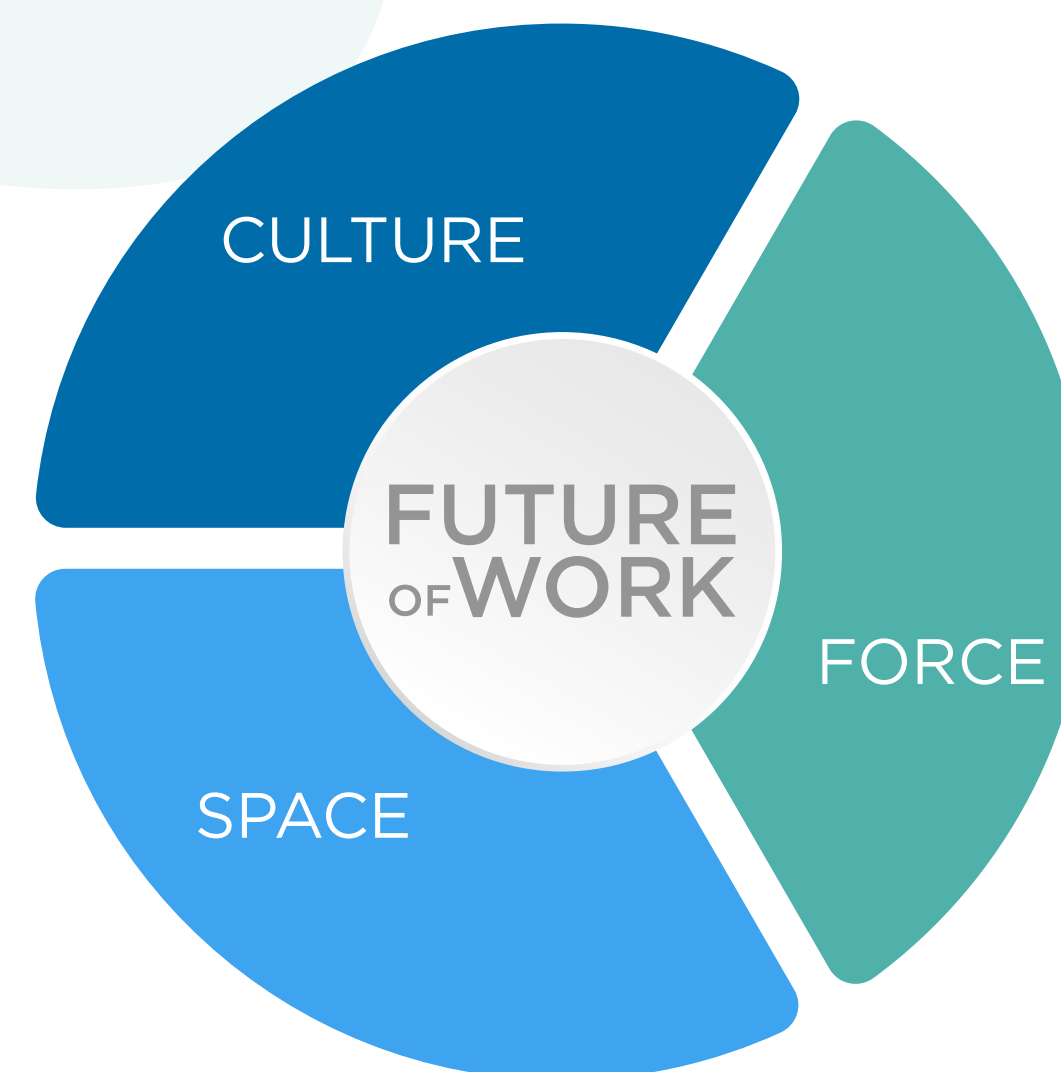
The COVID-19 pandemic has focused on what customers care about and shifted how consumers and brands engage and interact. Companies with the best price, the coolest product, or the most memorable marketing campaign will not necessarily have an advantage when compared with companies that provide a safe, secure, and seamless experience.

2021 critical drivers

DIGITAL DIVIDE

The Imperative of Connectivity

Amid social distancing and working from home, access to technology and digital connectivity have become critical. People are learning to socialize, shop, educate, work, and collaborate differently and expect a rich, seamless, and interoperable experience, regardless of where people and data are located. But the digital divide — the gap between those who do or do not have access to technology and the skills to use it — becomes more consequential in people's ability to complete everyday tasks.



WORK TRANSFORMATION

Redefining Teams, Skills, and Leadership

Technologies are rapidly changing who or what — and where or how — work is being done. The 21st century economy requires workers to operate as agile, dynamic, and reconfigurable teams that can quickly adapt to business demands and new market requirements. Organizations need to rethink their relationship with workers and the creation and retention of skills to meet this demand.

Impact on the startup ecosystem



The startup and scaleup economy is worth nearly \$3 trillion worldwide.

There are now over 500 "unicorns" (scaleups valued at \$1 billion or more) globally and Europe is home to over two hundred of them.¹

These unicorns are at the forefront of disrupting financial services, creating solutions to combat climate change, and automating healthcare professionals' workflows.¹

As the pandemic crisis hit across the world, startups have found themselves **being hit hard by two main shockwaves: capital shock and demand.**



- Globally, 4 out of 10 startups have three months or less of liquidity (runway), and therefore, may not survive.²
- **Venture capital has fallen by about 20%** since the beginning of the COVID-19 crisis in December 2019.³
- About **72% of startups saw their revenue drop** since the beginning of the crisis, with the average startup experiencing a decline of 32%.⁴
- A study conducted in Portugal found that **startups confirm that COVID-19 impacted their activity**, mainly due to a decrease in sales and a postponement or delay of projects.⁵

Every crisis creates opportunities, and this crisis is no different. Over half of Fortune 500 companies started during a contraction, and over 50 unicorns were created during the Great Recession.

The current crisis has accelerated the digitization of the offline economy. **Tech Economy will be crucial for recovery.**

Opportunities are unlocked for companies, they are also unlocked for ecosystems.

This is also a unique opportunity for all of us to rebuild our *economic communities* with a lower negative impact on the environment and a stronger focus on inclusion and fair access to the amazing value that tech ecosystems create.⁶

According to a study conducted in Portugal about **42.3% of the surveyed startups said that the pandemic generated new opportunities.**⁷

¹ Source: Purpose-Driven Start-Ups, Scale-Ups, and COVID-19, IDC 2020

^{4, 6} Source: Startup Genome, The Global Startup Ecosystem Report, 2020

^{2, 3, 5, 7} Source: The Impact Of Covid-19 In The National Startups Ecosystem, Startup Portugal, EY, SAP, 2020



Definitions

It's important to start by determining what some of the concepts in this report refer to, as there are many commonly accepted definitions, used loosely, and most of the time they do not match each other.

This effect also leads to the fact that, when comparing data, numbers often refer to different concepts, depending on the source

Startup

A STARTUP ECOSYSTEM is a set of interconnected entrepreneurial actors (both potential and existing), entrepreneurial organizations (e.g., firms, venture capitalists, business angels, and banks), institutions (incubators and accelerators, universities, public sector agencies, and financial bodies), and entrepreneurial processes which formally and informally coalesce to connect, mediate and govern the performance within the local entrepreneurial or startup community environment.

A Startup ecosystem produces **Startups**, which evolve naturally according to the steps below before turning into a “regular or mainstream” company.

STARTUP

A **startup** is a young company or project, launched by a group of entrepreneurs to create, develop, and/or validate a scalable and repeatable economic model, typically in the form of an innovative product and business model and/or a new market segment. Given its nature and associated uncertainty and risk profile, a specific management framework is usually used to optimise an unfavourable risk-reward ratio, seeking to maximize success probabilities and attain exponential growth through the use of technology.

SCALEUP

The following stage in the life of a startup is the **scaleup** status, after having achieved the elusive product-market fit and with recognizable traction. It is usually defined as a development-stage business, that is growing its market access, revenue, and its number of employees. As with any capital-intensive company, the financing goal for a scaleup is to reward its shareholders, by being acquired either via an M&A, via an IPO or shelling out significant dividends as it becomes profitable.

Startup stages

STARTUPS are also commonly defined as being in different stages, which reflect different immediate goals and require different incentives, capital and risk management.

PRE-SEED

Companies that are formally set up or are in the process of doing so, but are at a very early stage in development. They typically start by researching, assessing or developing an initial idea or concept before reaching the formal start up process and launching an MVP (Minimum Viable Product). Companies at this stage typically incur cost only and do not generate revenues, though most receive an investment (from own resources or external funders). There is minimal need for interaction with the tax authority, aside from loss relief and payroll taxes. Selling equity stakes implies capital gains taxation for investors, whilst funding this high-risk, early growth.

EARLY STAGE AND SEED

Companies that have developed a product or service but have not yet achieved breakeven and are still in the process of refining their product/offering and finding their market fit. Companies at this stage typically incur a higher level of cost. They may also begin to generate income, if not profit. They usually receive investments (from their own resources or external funders). There is standard interaction with the tax authorities, including applicable indirect taxes, payroll taxes, and loss relief. Some jurisdictions offer small companies simplified the tax systems based on turnover rather than profit. Selling equity stakes implies capital gains taxation for investors, whilst funding this lesser-risk, more mature growth.

GROWTH/SCALEUP

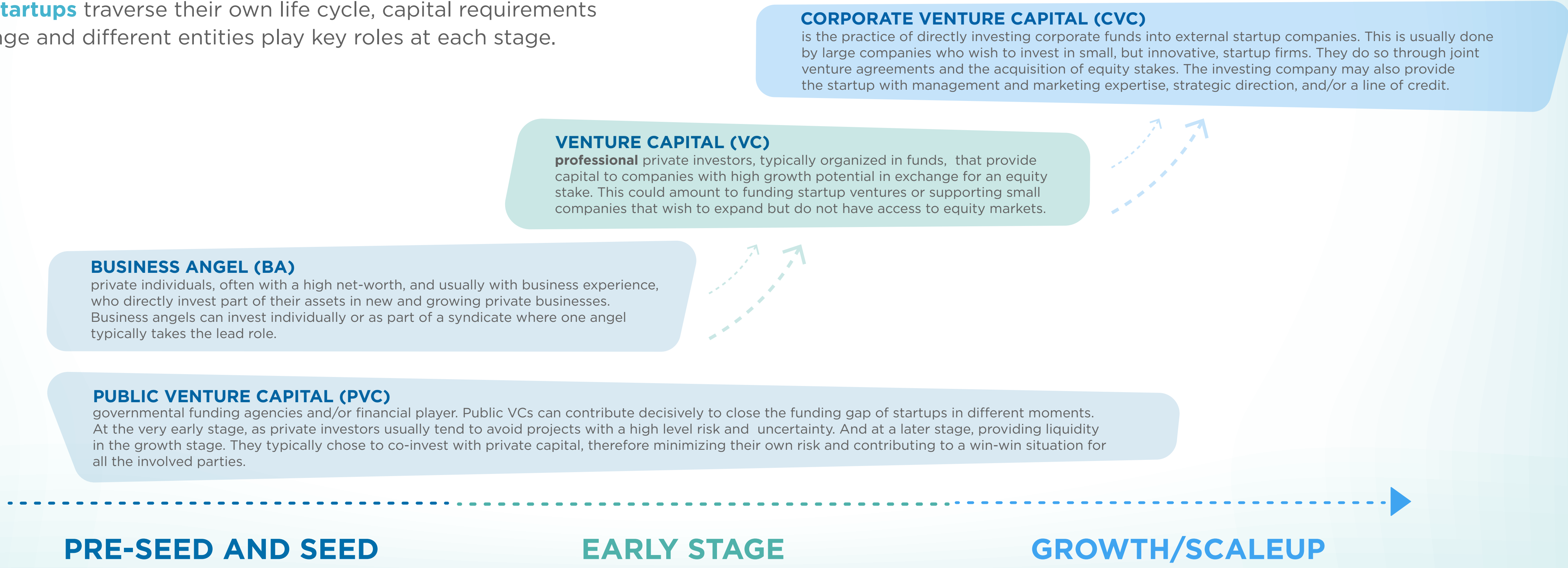
Companies with the scope to scale up and internationalise their activities, having found significant and scalable traction. Companies at this stage may be liable for personal or corporate income taxes on profits, as well as indirect and payroll taxes. Selling equity stakes implies capital gains taxation for investors, whilst funding this much lower risk, mature growth. Additionally traditional funding methods such as loans and venture debt become available, as revenues stabilize.



Capital

CAPITAL is a key ingredient in the ecosystem, as it allows different actors to invest and develop the business, generating a multiplier effect. Capital is defined as a lot more than strictly money, as startups often lack some of the skills required to develop (business management, sales, manage for scale, access to people and markets, ...)

As **Startups** traverse their own life cycle, capital requirements change and different entities play key roles at each stage.



Catalysts & enablers

Catalysts & Enablers support and help entrepreneurs and innovators succeed. They generally provide ongoing, diversified entrepreneurial support through offline and online activities tailored to the startups' needs. Relevant to this context are **incubators, accelerators and other** support programs.

Incubators and accelerators help startups succeed by providing mentorship, guidance, training, strategy, partnerships, R&D, and funding. They are instrumental in getting startups, especially early-stage ones, off the ground. Having access to an accelerator's resources and network can make or break a startup that hasn't cemented itself within the ecosystem.

INCUBATORS

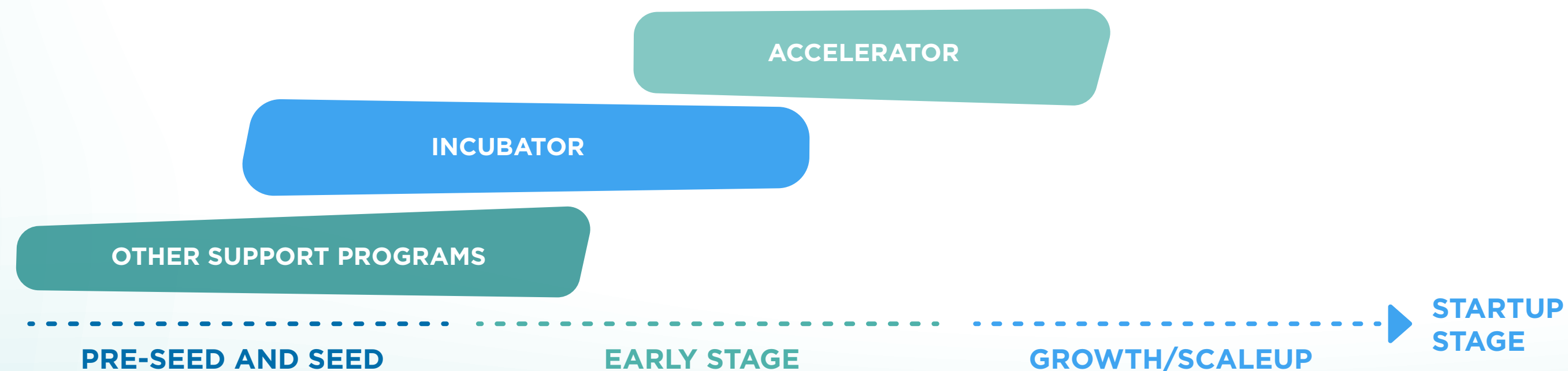
Are public and private organizations that offer structured or customized, relatively long-term, support to early-stage startups.

ACCELERATORS

Are public and private organizations that provide an intense, structured short-term program to induce startups' rapid progression.

OTHER SUPPORT PROGRAMS

Include all the entrepreneurial support initiatives that do not fall in the above categories. They may be short-term (usually two days to one week) programs offering more strategic support and include competitions, boot camps, events, seminars, and capacity-building workshops. Or they may be public support startup incentives (usually provided by public agencies) as policy measures to foster entrepreneurship.



Other catalysts

OTHER TYPES OF CATALYSTS AND ENABLERS CAN INCLUDE:

COWORKING SPACES

Shared offices shared offices where startups can rent hot desks or private offices with no long-term commitment. Flexibility is not the only reason why startups choose to join coworking spaces. Most importantly, coworking spaces have their own communities and often organize events where entrepreneurs can expand their network and explore potential collaborations with other companies. Startups based in a coworking space often have the freelancer they need within arm's reach, and if not, there's someone who knows someone who knows someone.

MENTORSHIP

Advisory organizations and mentors can help founders during their entrepreneurial journeys in many ways. Experienced, successful mentors help you stay accountable and loyal to your vision. Their own experience in business is often critical to succeed. They can help you prepare for the future and offer unbiased opinions on critical situations.

EVENTS

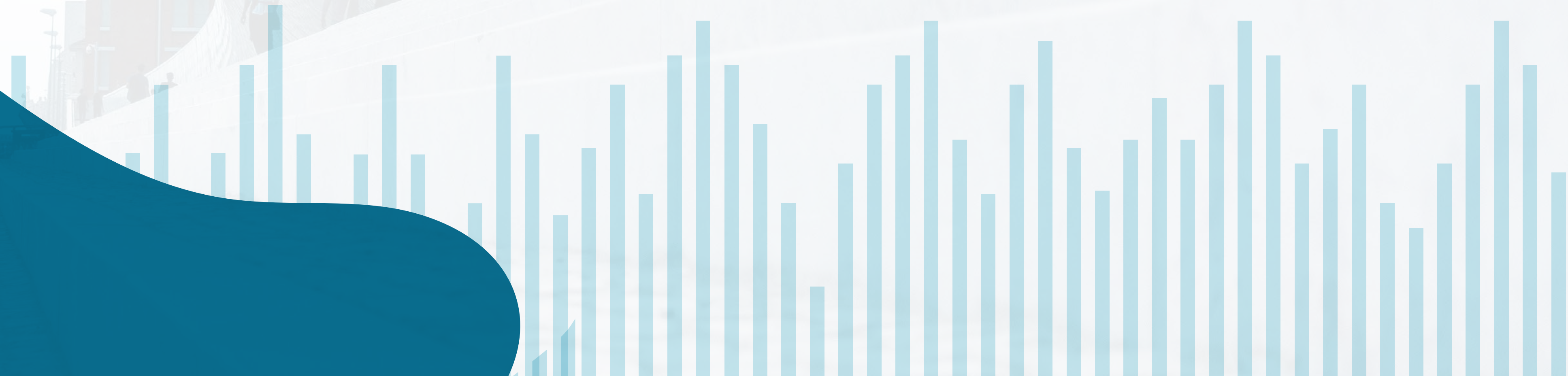
The heart and soul of every startup ecosystem is its community of people. Its potential, knowledge, links, and skills. And people have to be brought together to form a community. Conferences, workshops, meetups, networking events, and parties are crucial to building and maintaining a startup ecosystem. Without events, no ecosystem can survive for long.





Where are we today?

A snapshot of the ecosystems

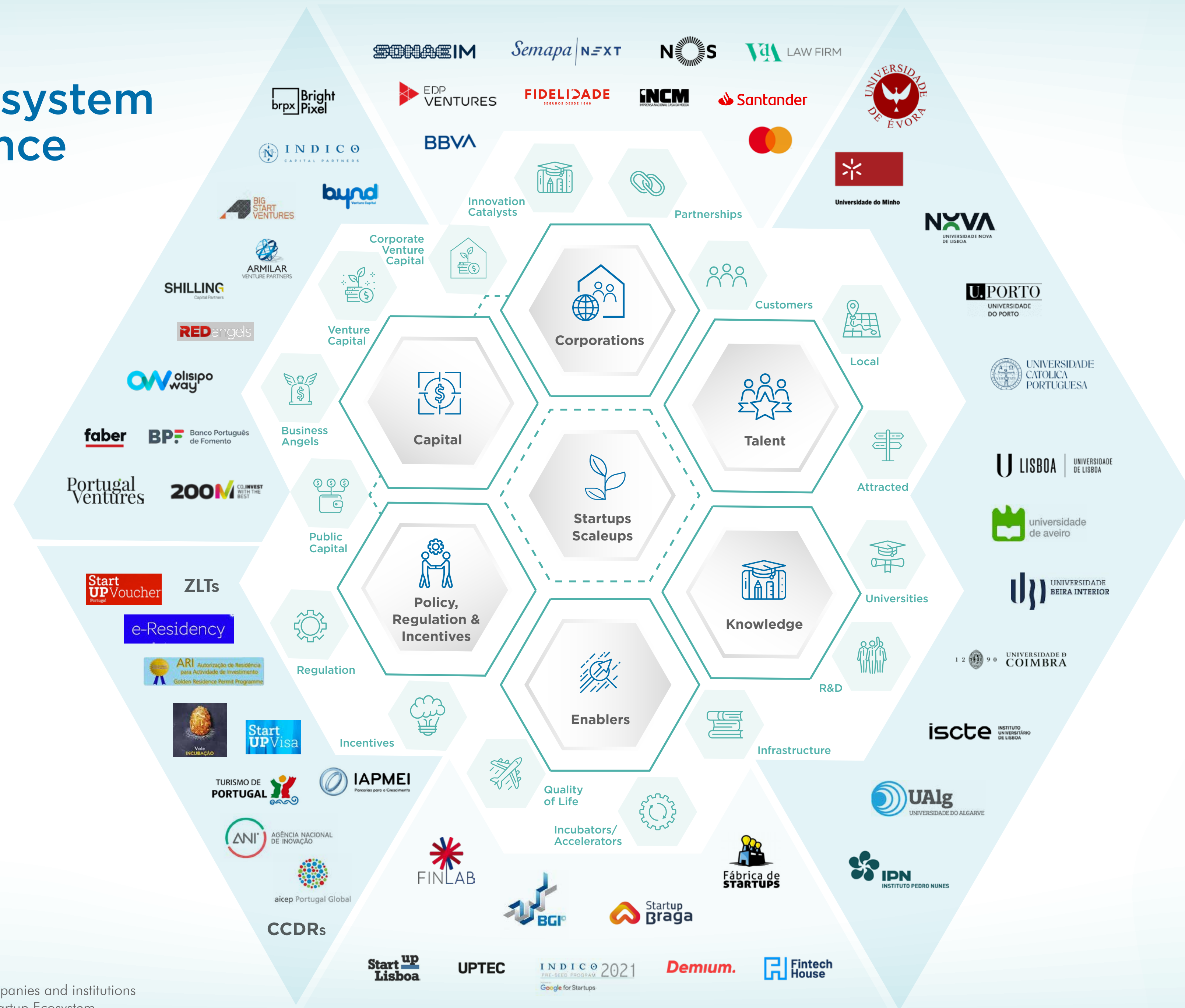




The Portuguese startup ecosystem is still young, but it's one of the best assets Portugal has, with small-scale but fast-paced and steadily growing companies representing over **1% of the country's GDP.**

- **12th Top 100 Emerging Ecosystem** Ranking Startup Genome
- **12th most innovative** EU country Innovation Scoreboard EU

The ecosystem at a glance



A non-exhaustive list of companies and institutions playing in the Portuguese Startup Ecosystem

Where are we today?

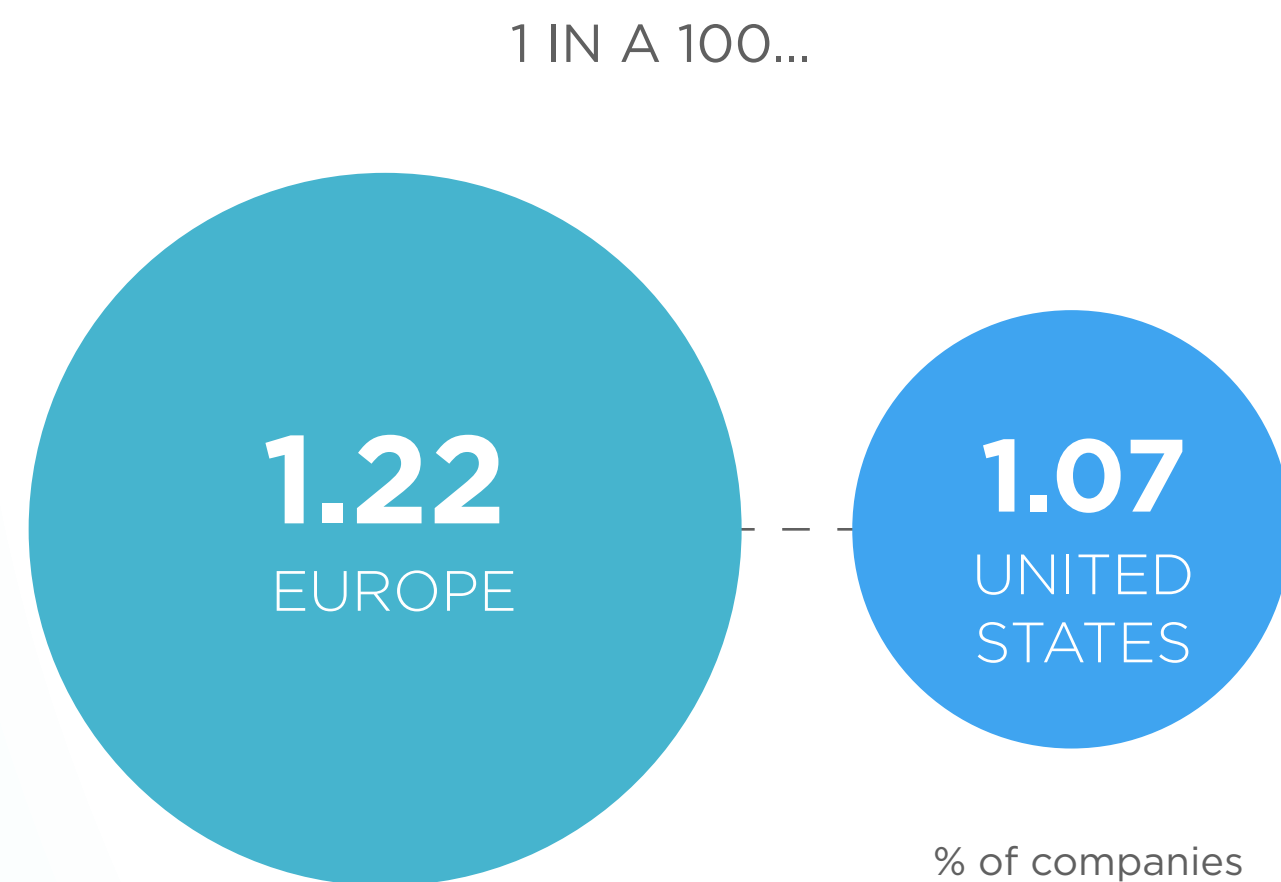


Startups
Scaleups

The odds of becoming a unicorn

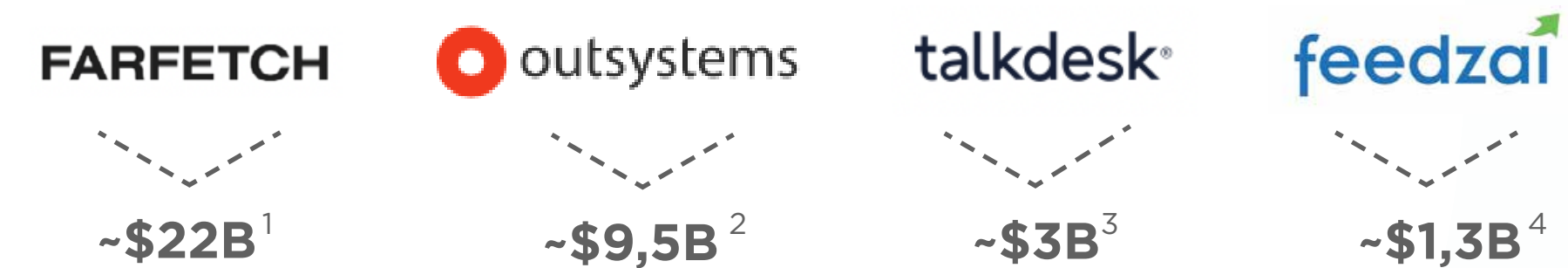
LET'S CUT THROUGH THE CHASE. STARTUPS ARE RISKY BUSINESS, AND THE ODDS ARE NOT VERY INTERESTING...

And curiously, odds are slightly better in Europe than in the USA



The European Unicorn list is a very limited one, with only 208 companies:

And Portugal has already produced 4:



1 Source: Market cap at date of the report. | 2 Source: According to Forbes. | 3 Source: TalkDesk's press release. | 4 Source: Feedzai valuation is based on the latest 200M dollars investment from KKR in March 2021.

With some others lining up, like:



Startups in Portugal

Portugal is a fashionable place, not only as a travel destination, but also as a tech place.

Quality of life, the sun and sea, cost of labour, and specialized talent have obviously something to do with it, but there is significant progress on the development of the startup ecosystem.

It has become a highlight in the European startup scene, especially after hosting the WebSummit in 2016, putting the country on the map as one of the hippest places to be in.

The arrival of international and experienced capital, together with the maturing of local investors has also attracted the attention of some talented engineers with a global mindset.

STARTUP PORTUGAL HAS BEEN DOCUMENTING PROGRESS, AND THE CURRENT ESTIMATION POINTS TO:

~ 2 159
STARTUPS
in Portugal
in 2020¹

WHICH IS 13% ABOVE THE AVERAGE NUMBER OF STARTUPS PER CAPITA IN EUROPE: 190
(PER MILLION INHABITANTS)²

The portuguese startup profile

8.8 PEOPLE
EMPLOYED
on average¹

75,2%
B2B Business Model²

94,9%
MALE There is a huge
gender gap, as EU average
is 82,8% (2)

FOCUSED ON INTERNATIONAL MARKETS

with a small domestic market, Portuguese startups have no alternative than looking to international markets, specially the European Market, taking advantage of the open economic zone. Some startups even prioritize USA markets in their business plans and are born global.

¹ Source: EU Startup Monitor Project (2019)

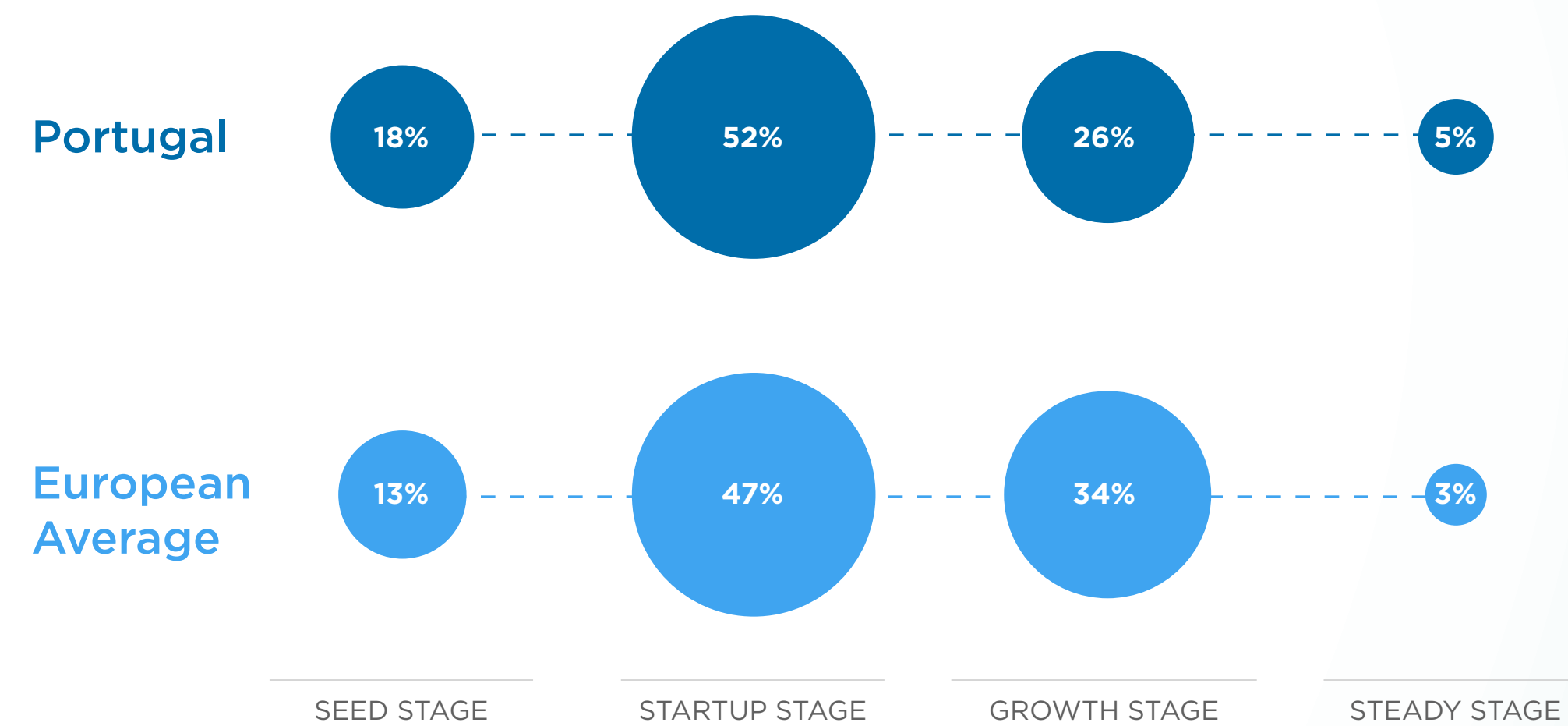
² Source: startupportugal.com

Split by stage and comparison to Europe

A LOOK AT THE SPLIT OF PORTUGUESE STARTUPS PER STAGE SHOWS THAT THERE IS MORE EMPHASIS AT AN EARLY STAGE.

IT IS A YOUNGER ECOSYSTEM THAN THE AVERAGE EUROPEAN ONE.

DISTRIBUTION OF STARTUPS BY DEVELOPMENT STAGE

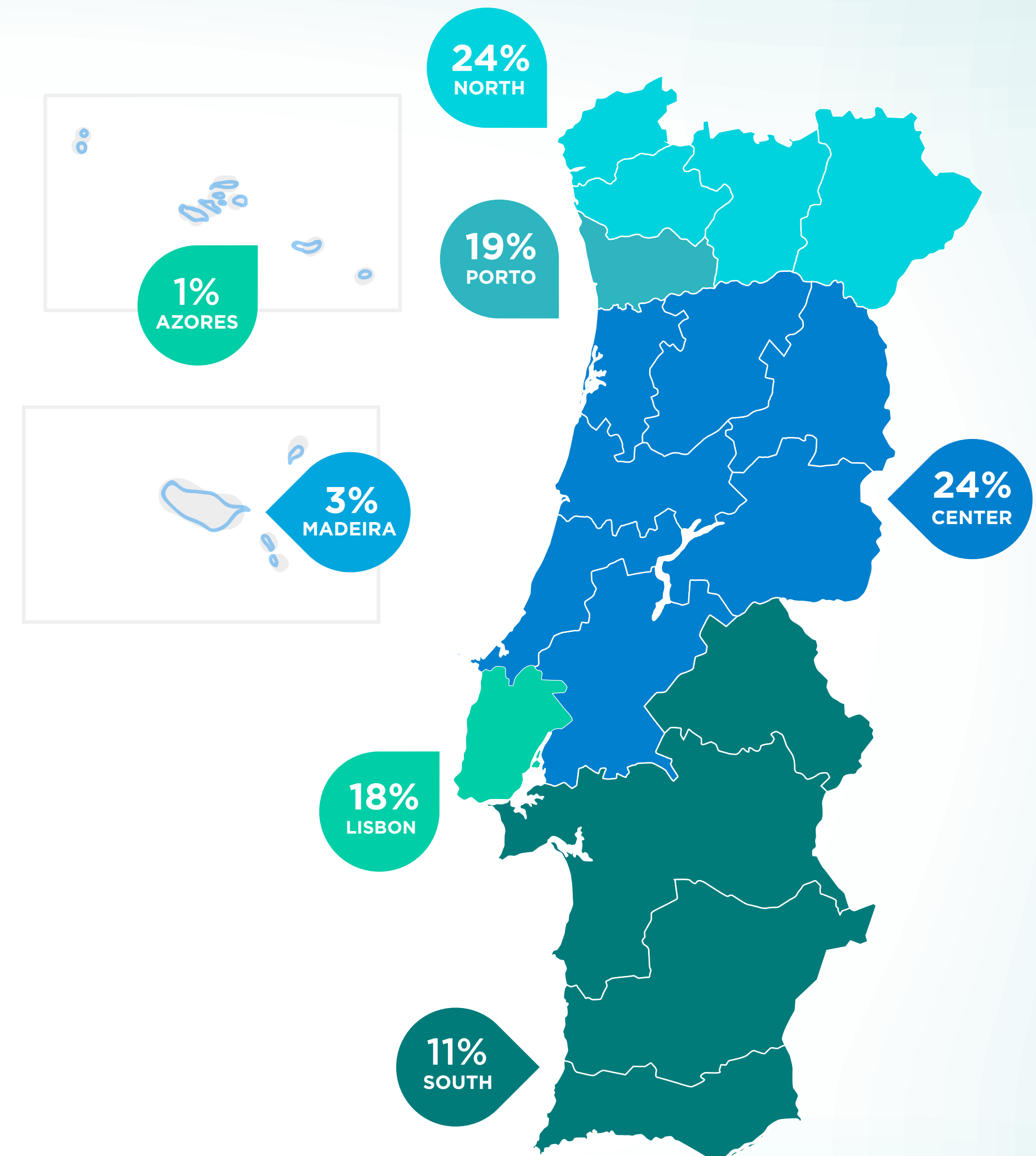


Source: Statista 2018

Regional startup split

A VIEW AT THE SPLIT BY REGION SHOWS:

- Vibrant ecosystem in the North and Center, aggregating hubs like Porto, Braga and Aveiro. With Porto waging in 19%.
- Coimbra is also a key-hub in the Center region.
- Lisbon account for 18% of the total.
- There are a lot of development opportunities in the islands of Azores and Madeira, and their potential for sea-related activities could be easily leveraged.
- Portugal is a very interesting place to startup.



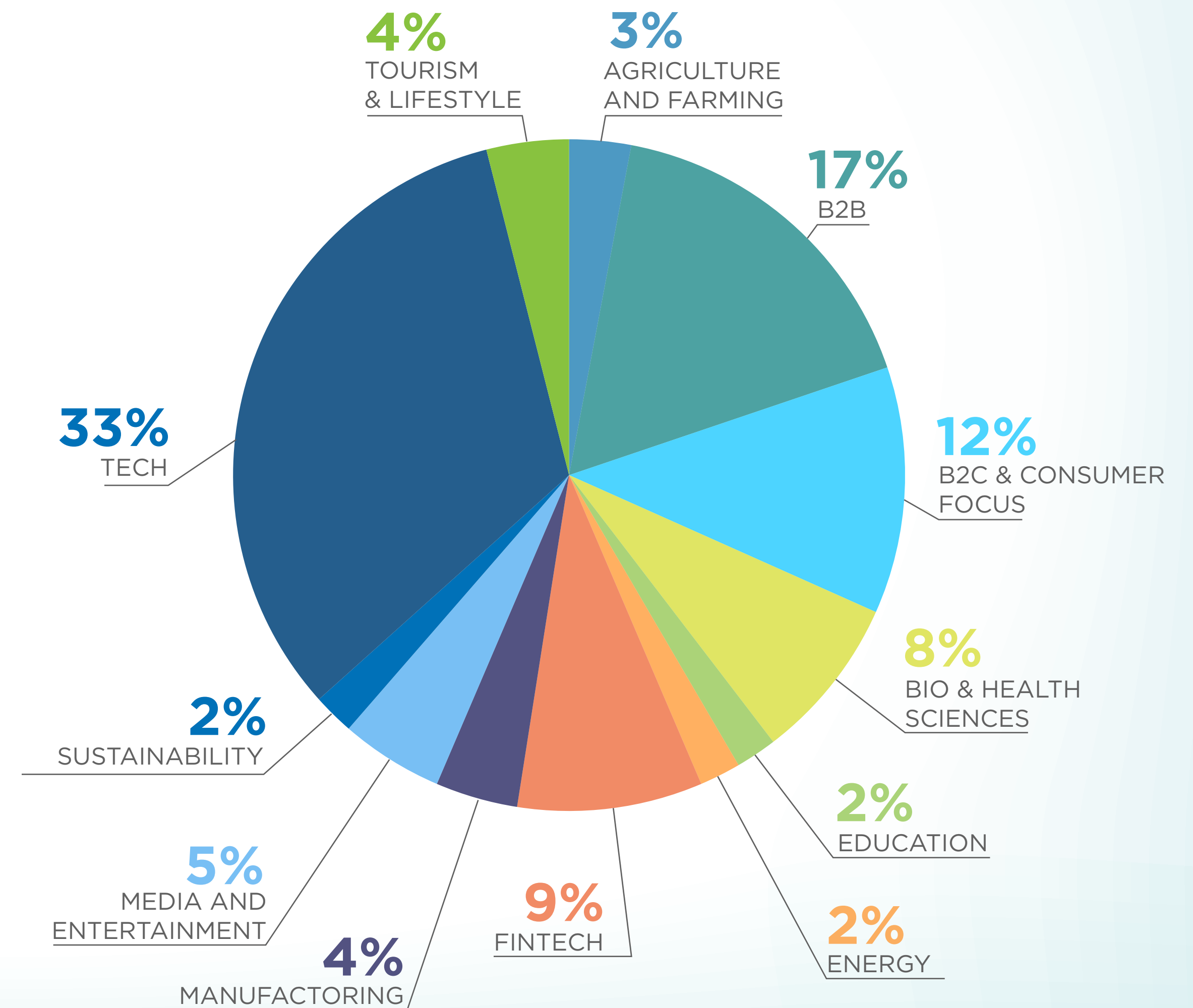
Startup split by industry

An analysis of the split by industry confirms the commonly held notion that the ecosystem is geared towards technology and B2B.

A mention to fintechs, with almost 10% of share, followed by health sciences with 8%.

Plenty of growth opportunity in sustainability and agrotech.

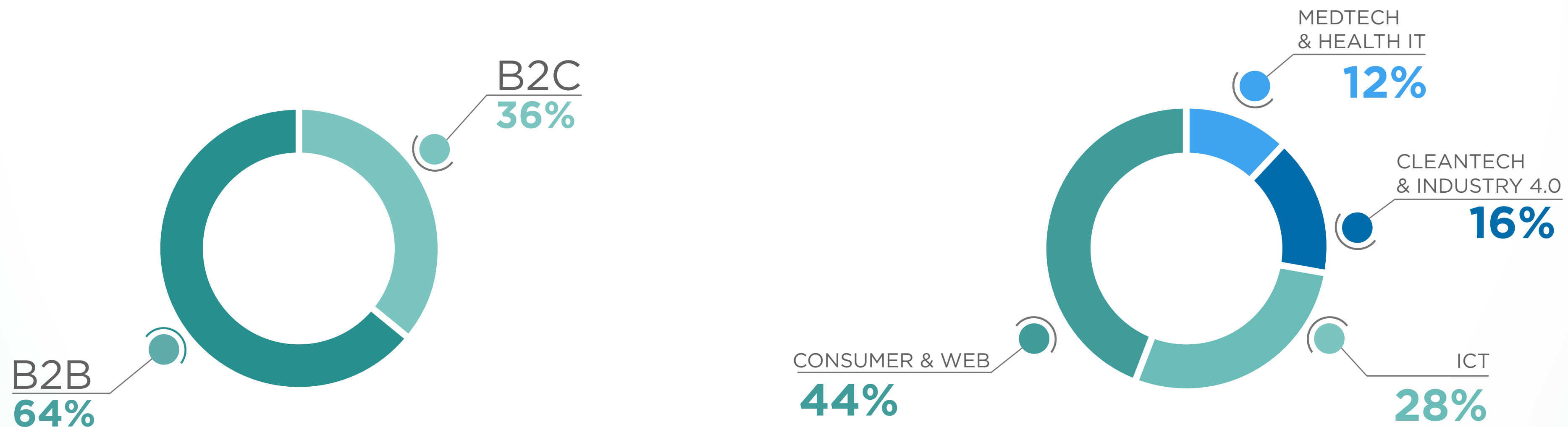
NUMBER OF STARTUPS BY INDUSTRY



Startup split by industry

ANOTHER INTERESTING PERSPECTIVE IS TO LOOK AT THE PICTURE FURTHER DOWN THE LINE, IN TERMS OF SCALEUPS

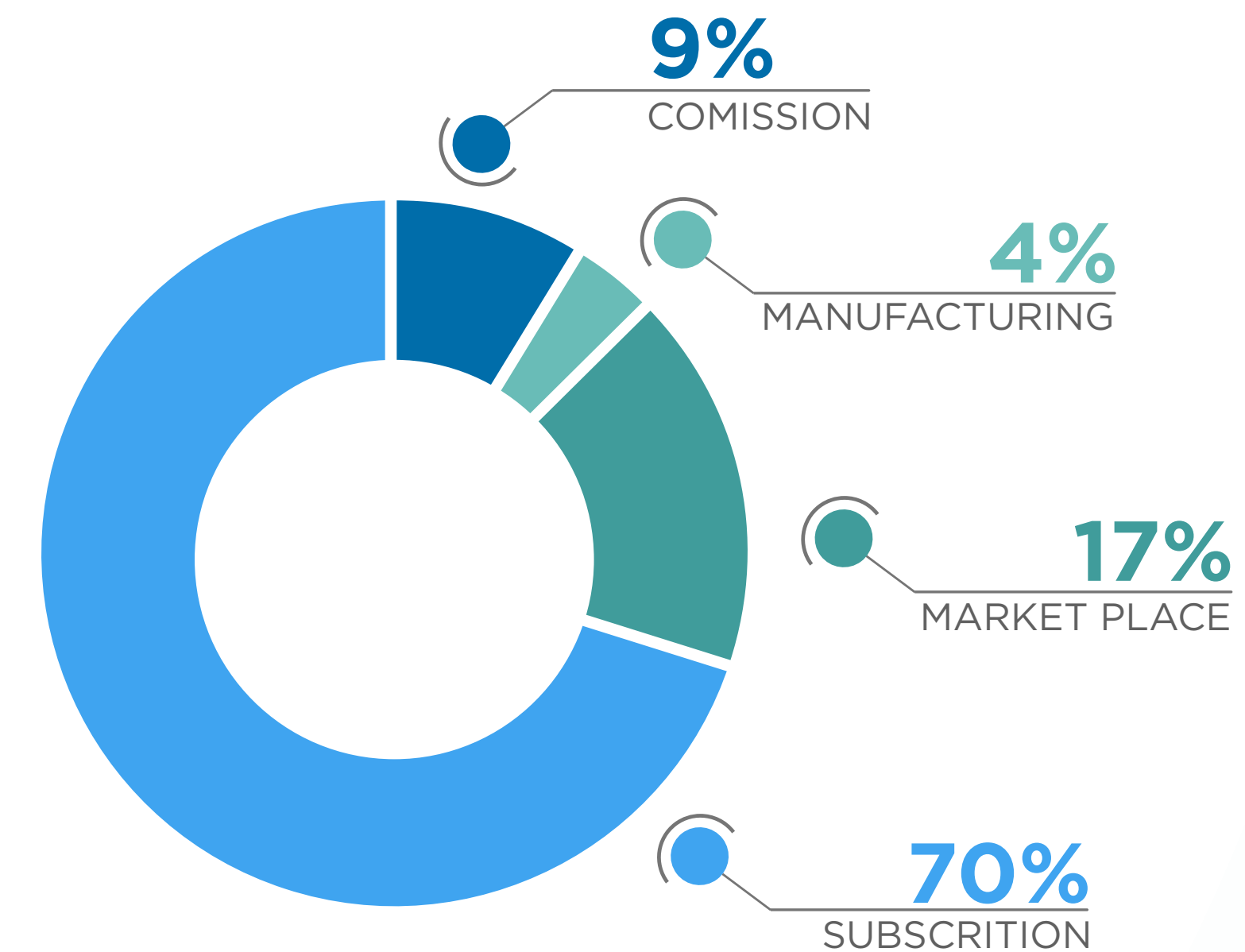
In fact, today's scaleups are yesterday's startups, and among the top 25 there is a clear bias towards B2B, though there is a stronger skew towards Consumer & Web, if compared to today's startup image.



Scaleups business model

AN INTERESTING DATA POINT ALSO AVAILABLE FOR THE TOP 25 SCALEUPS IS THEIR BUSINESS MODELS:

- A significantly vast majority is subscription-based, following the current X as a service trends.
- 17% characterize themselves as marketplaces, offering additional challenges when bootstrapping.
- Only 4% relates to manufacturing, which stresses the digital nature of today's world.



Where are we today?



Enablers

Portugal: great place to travel, live and invest

Portugal is known for its climate, beaches, gastronomy and tradition, receiving many tourists every year. In recent years, Portugal has been improving and promoting what it has to offer and is today a modern, eclectic and welcoming country, attracting not only **different types of tourists but also families and companies that establish their life and business in the territory.**



Portugal was World's Leading Destination 2017, 2018, 2019 and Europe's Leading Destination 2020
World Travel Awards



Portugal was the 1st in quality of life for expats, 2019

Lisbon was the 3rd best city for expats, 2020

Expatriate Insider survey



Portugal ranked 3rd most peaceful country in the world, among 163 states and territories.
Global Peace Index, 2020

Portugal considered strong innovator by the European Commission
European Innovation Scoreboard 2020



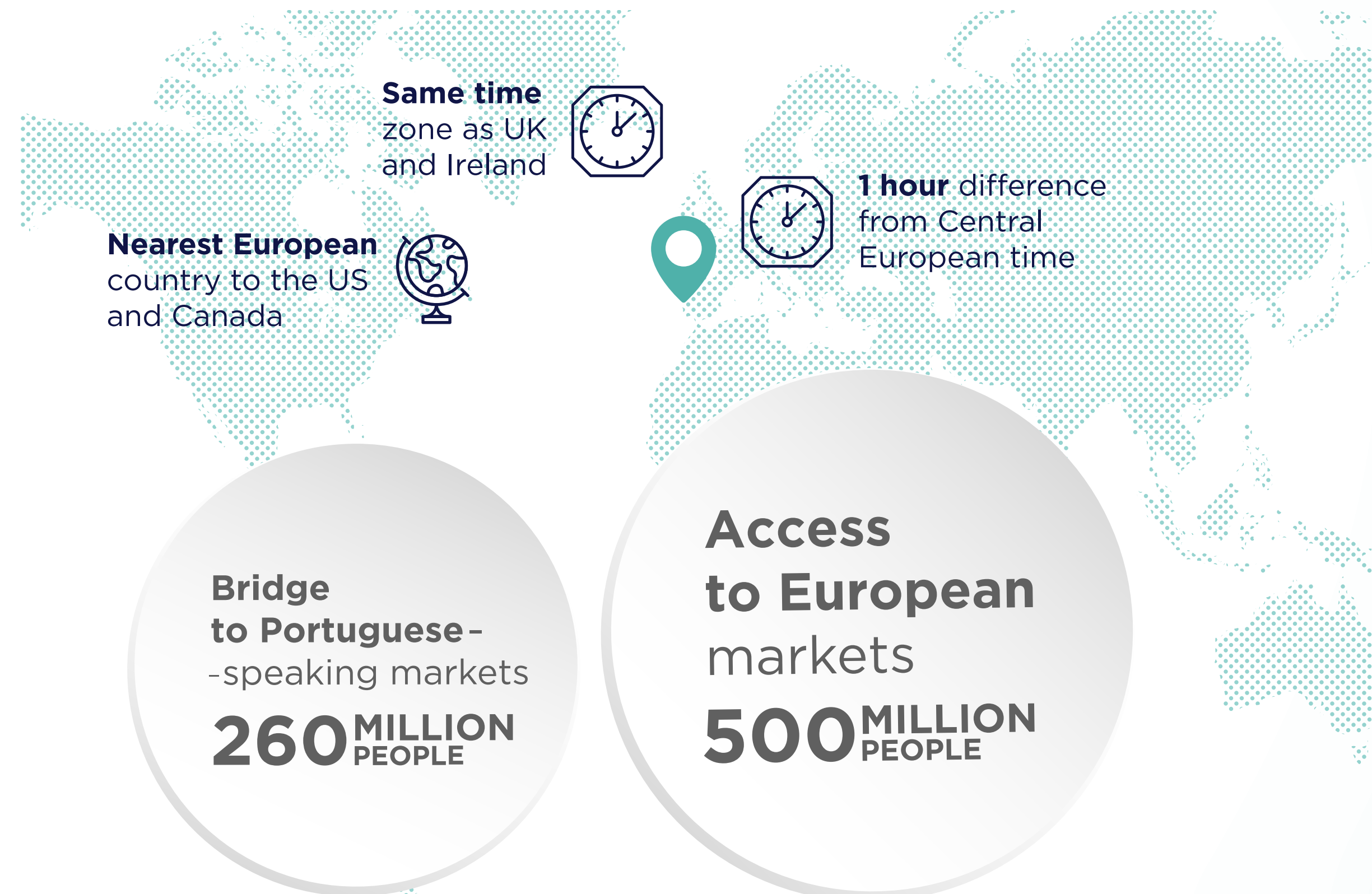
Portugal ranked #25 out of 161 in "The Best Countries for Business",
Forbes, 2019



Portugal was the 2nd most open country for "foreign direct investment" (FDI)
OECD FDI restrictiveness index, 2019

Great location

MAINLAND PORTUGAL IS LOCATED IN THE MOST SOUTH-WESTERN POINT OF CONTINENTAL EUROPE, ENSURING AN IMPORTANT GEO-STRATEGIC POSITION BETWEEN EUROPE, AMERICA AND AFRICA.



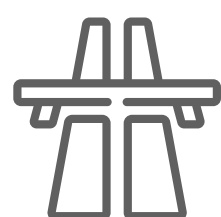
Good means of transport across the country and to the world



#21

IN THE WORLD WITH BETTER INFRASTRUCTURES

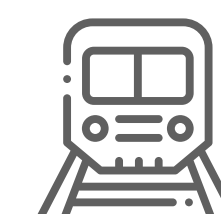
(The Global Competitiveness Report 2019, 141 countries).



#8

QUALITY OF ROAD INFRASTRUCTURE

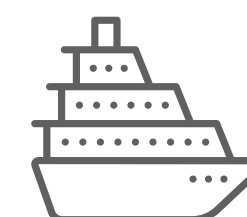
3065 kilometers in motorway length.
Portugal is the EU Member State with the 2nd best roads of all 28 countries according to the EU Transport Scoreboard.



#31

RAILROAD DENSITY

Railway network is available through 2546 kilometers of the country. All main seaports are connected to the rail network onwards to Spain and Central Europe.



#36

EFFICIENCY OF SEAPORT SERVICES

6 major international seaports.

Portugal is above EU average in connectivity score

#12



IN CONNECTIVITY

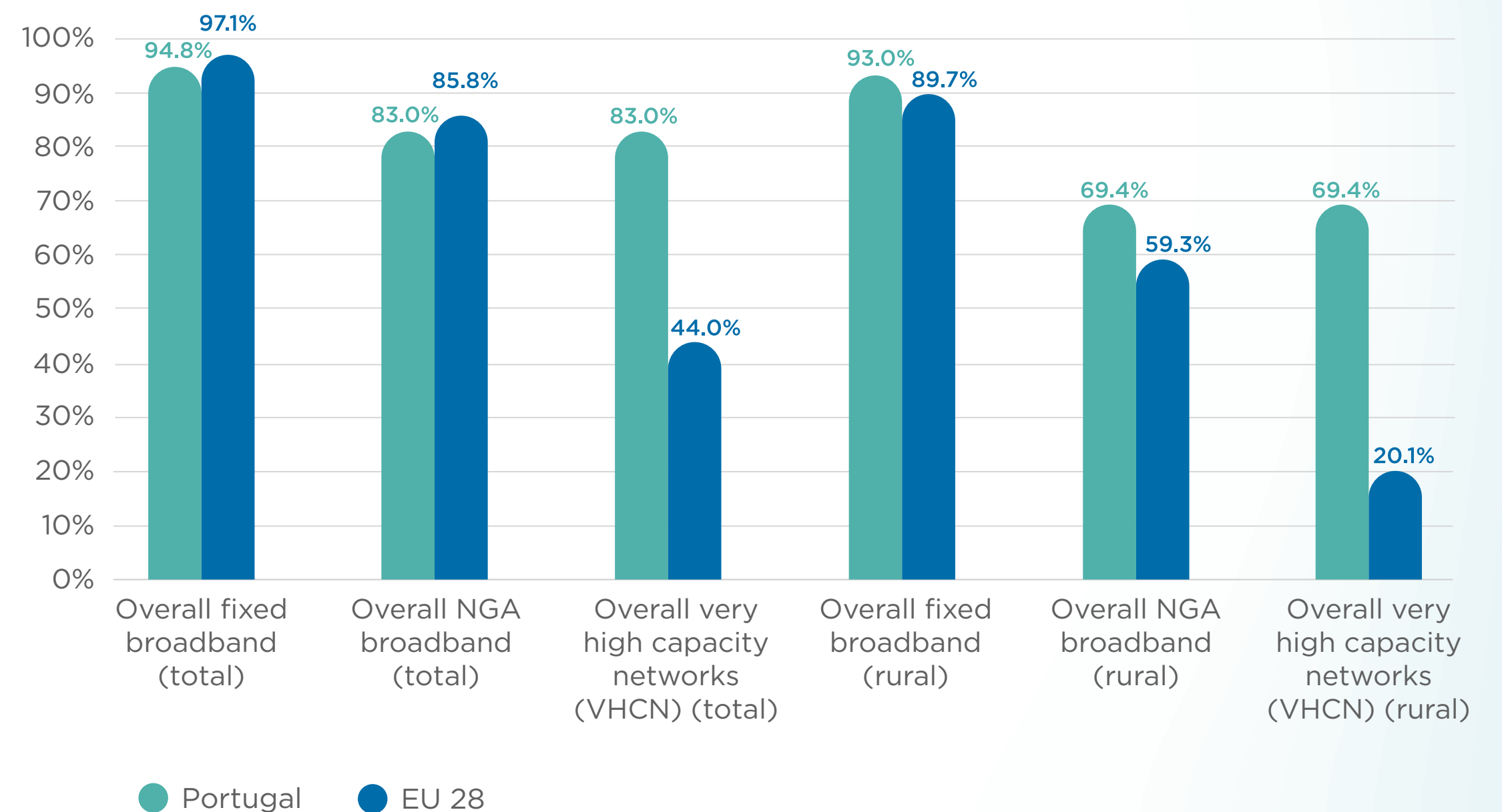
(Digital Economy and Society Index (DESI) 2020, EU)

It has very good VHCN broadband coverage and good fast broadband (NGA) coverage.

Mobile 4G coverage has reached 96%, at the same level as EU average.

As regards 5G, several 5G trials are underway in the cities Aveiro, Cascais, Évora, Porto, Matosinhos, Lisbon. The multi-band auction is in progress. The licences will be distributed during 1stQt 2021.

PORTUGAL: COVERAGE BY TECHNOLOGY COMBINATION, 2019



Source: Broadband Coverage in Europe 2019, a study by IHS Markit, Omdia and Point Topic for the European Commission

Portugal is actively promoting the digitalization of businesses

PORTUGAL IS ACTIVELY IMPLEMENTING MEASURES TO PROMOTE THE DIGITALIZATION OF BUSINESSES AND PUBLIC SERVICES.

Some examples are:

- **Strategy ICT 2020**, promoting the digital transformation of public services.
- A revamped edition of the flagship programme on administrative simplification **SIMPLEX**.
- **Web portal ePortugal**, a central repository for all public services dedicated to citizens and businesses.
- **Mobile Medical Electronic Prescription**, enabling doctors to digitally prescribe medicines through a smartphone.
- **Social Security +** provides an easier and simpler way for citizens and companies to access social security services.
- **Industry 4.0**, national strategy for the digitalization of the economy.
- **ComércioDigital.pt**, promoting the presence of SMEs in e-commerce and digital services.
- **Digital innovation hubs (DIH)**, an instrument for scaling up the digitalization of companies, particularly of SMEs.
- **Artificial Intelligence Portugal 2030** which aims to put Portugal at the forefront of 'AI Education for all'.
- **Advanced Computing Portugal 2030** which aims to expand cyberinfrastructure and to improve advanced computing skills.

#13 IN DIGITAL PUBLIC SERVICES

(Digital Economy and Society Index(DES) 2020, EU)

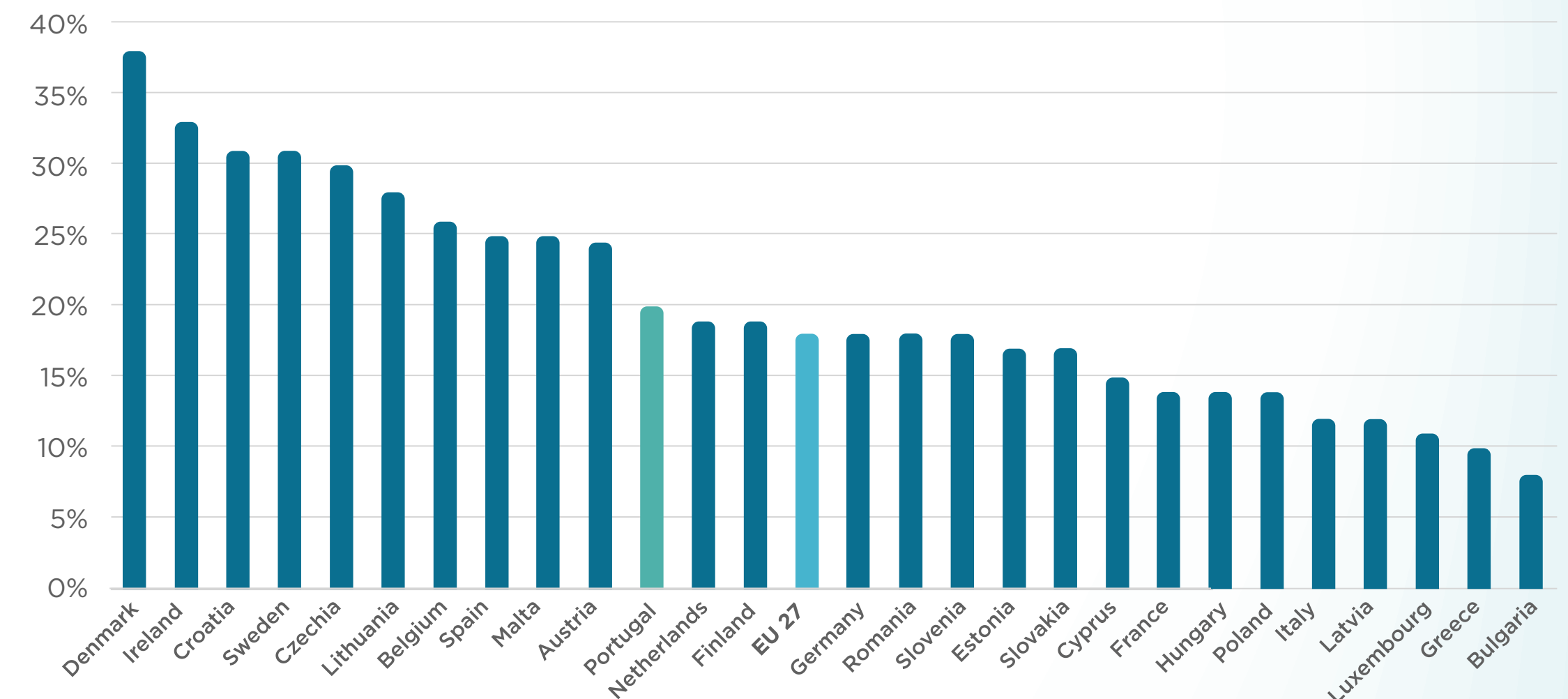
#16 IN INTEGRATION OF DIGITAL TECNOLOGIES

(Digital Economy and Society Index(DES) 2020, EU)

#8 IN THE EIBIS DIGITALIZATION INDEX

(European Investment Bank, EU, 2020)

% OF ENTERPRISES WITH E-COMMERCE SALES OF AT LEAST 1% TURNOVER, 2020



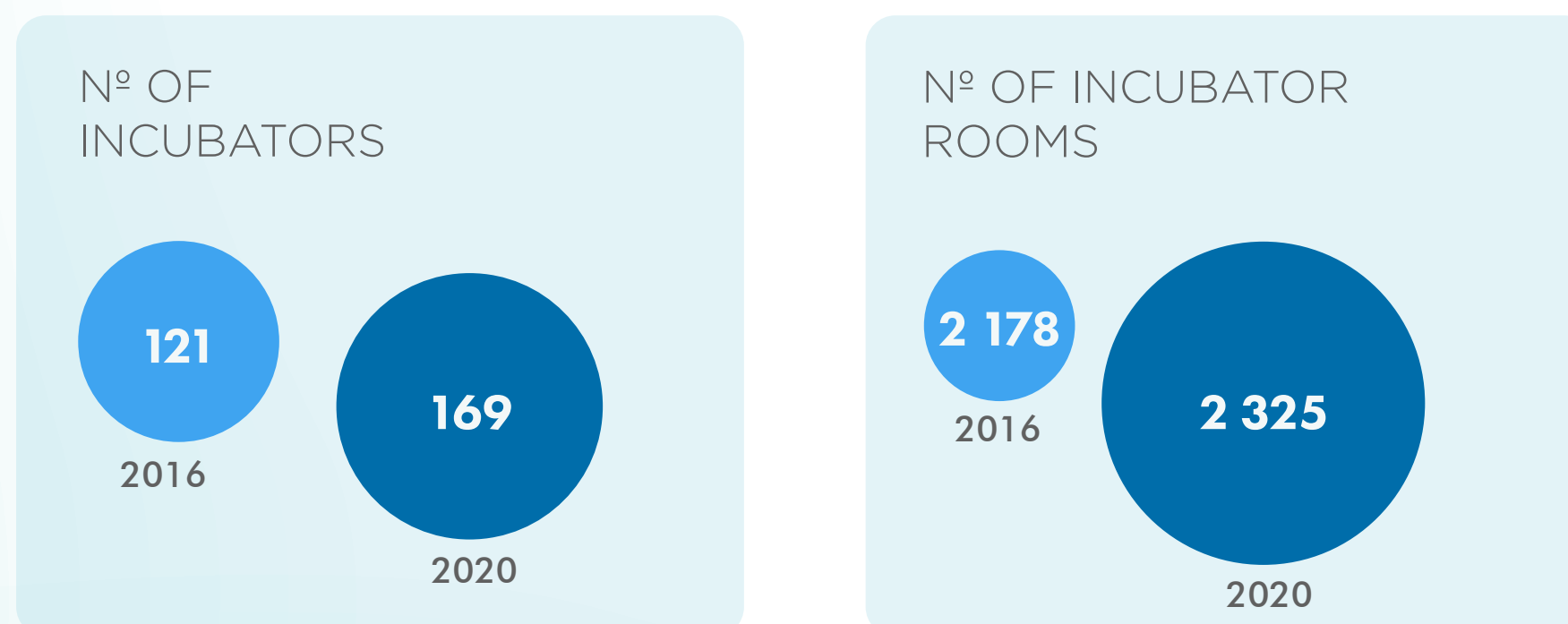
Incubators/accelerators

Incubators are the institutions that have most contributed to the development and dynamism of the Portuguese business community, with an effective role in the survival rate of ideas and innovative startups.

The "National Network of incubators" was created as part of the Startup Portugal Strategy. Its role is to promote cooperation and the sharing of resources and knowledge, in order to improve products and services made available to entrepreneurs and companies.

From 2016 to 2020, the number of incubators **grew by 40%**.

169 incubators distributed across the country offer 2325 incubator rooms.



Source: RNI, Portuguese Incubators Monitor, 2020



Startup Lisboa began its activity in February 2012. It facilitates access to investment, mentors, strategic partners and potential customers. It is also running two acceleration programs to innovate the communication and media industry and to reshape the ecosystem of restaurants.



"Fábrica de Startups" is an incubator and has several accelerator programs for startups. It is also a connection point between Portugal, Brazil, and Macao. Since 2012 more than 2500 entrepreneurs have worked with its methodologies of creation, validation and growth of ideas.



Startup Braga supports new technology-based companies in the areas of digital economy, medical technologies and nanotechnology, through pre-acceleration, acceleration and incubation programs. In partnership with Microsoft Ventures it provides business acceleration programs for startups with global ambitions.



UPTEC supports the transfer of knowledge between the university and the market, by fostering the creation of technological, scientific and creative companies and attracting innovation centers of national and international companies.



Operating since 2010, BGI has accelerated 154 new ventures, with a survival rate to date of 60.4%. It provides opportunities to deep tech startups via venture financing, connecting innovators with global investors, and acceleration programs.



Demium Startups was founded in 2013, having started operations in Portugal in 2019. It is an incubator and helps entrepreneurs to create a startup from scratch. It supports the overall cycle and the international expansion.

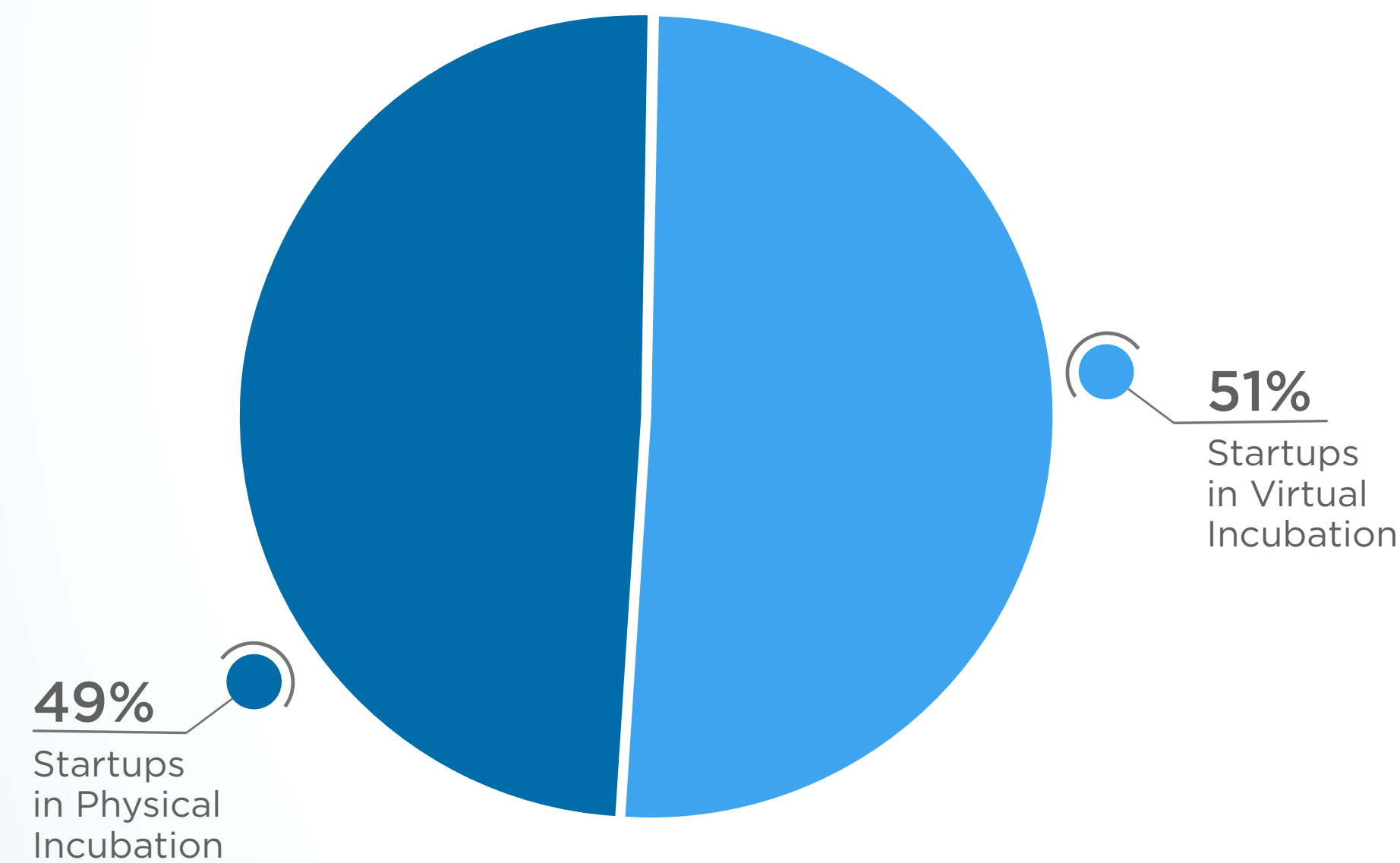


Fintech House is a hub for Fintech, Insurtech, Regtech, and Cybersecurity in Portugal. It is the physical arm of the Portugal Fintech Association. The House provides access to regulators, talent, capital, partners or potential clients.

Incubators / accelerators offer a variety of services

A LARGE NUMBER OF STARTUPS DO NOT REQUIRE A PHYSICAL OFFICE AND OPT FOR A DIGITAL INCUBATION.

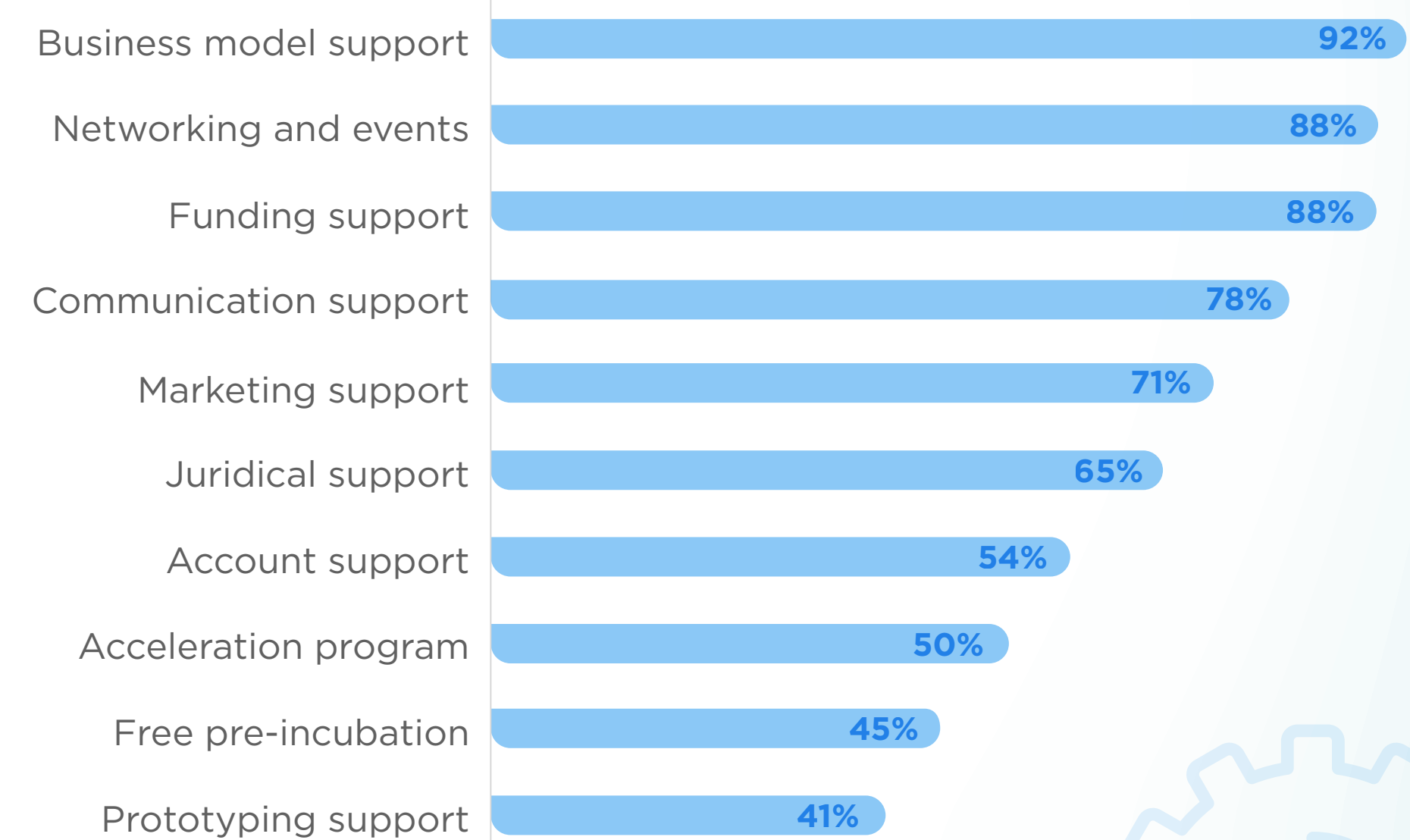
DISTRIBUTION OF INCUBATED STARTUPS BY SERVICE MODEL



Source: RNI, Portuguese Incubators Monitor, 2020

In addition to the typical amenities for startups, there is a wide range of services for startup and growing companies, ranging from co-working spaces to support services for product development and marketing.

% OF INCUBATORS DELIVERING THE SERVICE



Source: RNI, Portuguese Incubators Monitor, 2020



Where are we today?



**Policy,
Regulation
& Incentives**

Incentives welcome foreign investment

GENERAL INCENTIVES FOR INVESTMENT:

GOLDEN VISA PROGRAMME

Residency-by-investment program in a bid to push more foreign investors towards low residency regions.

PRODUCTIVE INVESTMENT

Financial and tax incentives for new products, services or processes and innovation.

R&D INVESTMENT

Financial incentives for investment in R&D activities.

JOB CREATION INVESTMENTS

Financial support to internships for unemployed graduated young people and for long-time unemployed people.

COMPETE 2020

Program also available for foreign investment. Incentives to projects based on knowledge intensive activities, transportable or internationalizable goods and services and to enhance the qualification and export orientation.

#39

in General
Ranking

#1

Trading
Across Borders



DOINGBUSINESS
Measuring Business Regulations
190 countries

#31

in General
Ranking

#24

Institutions



Global Innovation Index
131 countries

Incentives and support to startups

ECONOMIC RELIEF MEASURES TO HELP THE STARTUP ECOSYSTEM

MEZZANINE FUNDING FOR STARTUPS (INNOV-ID)

Designed to protect startups that have benefited from investment. A loan convertible into “social capital (supplies)” after 12 months, applying a discount rate that allows startups to avoid a dilution of investors’ equity.

E-RESIDENCY 2.0

The e-residency 2.0 is a program for digital nomads and entrepreneurs without a fixed base. Allows the creation of an on-line company, while granting access to public and private services in Portugal. (Under development)

STARTUP VISA

It aims to attract investment, talent and innovation to Portugal. Young entrepreneurs from all over the world who want to open an innovative company will have quick access to a residence visa that gives them the possibility to create or move a their startup enterprise to Portugal.

STARTUP VOUCHER

Program for young entrepreneurs in idea stage. It aims to reduce the risks youngsters take in venturing and creating a company by granting a scholarship, incubation and mentorship.

INCUBATION VOUCHER

This measure is intended to provide support for simplified projects of companies in the area of entrepreneurship by contracting incubation services provided by of previously certified incubators.

OPERATION FOLLOW-ONS

To be carried out together with Portugal Ventures’ Capital Partners Network, it aims at shoring up the capital of startups already backed by other investors. Financial initiative through the Financial Development Institution (IFD), Portugal Ventures and Imprensa Nacional-Casa da Moeda.

TECH VISA

Tech Visa is a certification program addressed to companies that wish to attract highly qualified and specialized staff to Portugal, nationals from countries not included in the Schengen area. IAPMEI is responsible for the evaluation and certification of companies.

ROAD2WEBSUMMIT

An initiative designed to support Portugal-based startups with their web summit participation. It includes access access to the event and intensive training.

ZLT (Free zones for technology)

The ZLTs facilitates the realization of research, demonstration and testing activities, in a real environment, of innovative technologies, products, services, processes and models. (ongoing)

MISSIONS ABROAD

An initiative to further promote Portuguese start-ups abroad. In past missions, StartupPortugal took Portuguese startups to either participate in a tech event, to meet investors and important players, to visit incubators and other important local tech hubs, or to help Portuguese companies with recruitment processes in foreign countries.

200M

The 200m co-investment fund, managed by PME Investimentos - a public company regulated by the Bank of Portugal - whose mission is to develop innovative funding instruments for Portuguese companies.

SEMENTE

A program developed to encourage small private investors to invest on innovative startups. It encourages innovation and the creation and growth of entrepreneurial projects, yielding tax breaks for investments on certified startups.



No restrictions to foreign capital entry

FOREIGN INVESTMENT RULES FOLLOW PRINCIPLES OF FREE ESTABLISHMENT AND NON-DISCRIMINATION.

In Portugal there are no **restrictions to foreign capital entry**, for regulatory framework says no one can be discriminated on the grounds of nationality. In that way, the rules applicable to foreign investment are similar to those applicable to domestic investment, and no special registration or notification is required of any authority in this case. All the steps that are needed in order to invest in Portugal are now much simpler.

BUSINESS FACILITATION

Simplex: measures taken to reduce bureaucracy
Empresa na Hora: (“Business in an Hour”) program that facilitates company incorporation by citizens and non-citizens in less than 60 minutes. In 2007, the Government established **AICEP**, an agency to promote foreign investment and trade that also manages industrial parks.

TRANSPARENCY OF THE REGULATORY SYSTEM

Legal, regulatory, and accounting systems are consistent with international norms. Rule-making and regulatory authorities exist across sectors including energy, telecommunications, security markets, finance and health.

COMPETITION AND ANTI-TRUST LAWS

Portuguese law specifically prohibits collusion between companies to fix prices, limit supplies, share markets or sources of supply, discriminate in transactions, or force unrelated obligations on other parties.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights (IPR) infringement and theft are not common in Portugal. It is fairly easy for investors to register copyrights, industrial property, patents, and designs with **Portugal’s Institute of Industrial Property** (INPI) and the **Inspectorate-General of Cultural Activities** (IGAC). Portugal is one of the countries with lower patent costs (online and offline).

Worker's earnings and taxes

In recent years labor legislation has changed and was adapted in order to simplify and give some flexibility to the labor market. Some aspects of the contracts are now different, helping companies to reduce costs with their workers:

The duration of the contracts.

Incentives and benefits to promote contracts and the employment of specific worker groups: creation of new job vacancies; hiring long-term unemployed, young people looking for the first job; recruitment of disabled workers.

Tax benefits for job creation, reducing the amount of discounts the employers and employees have to do.

Monthly national minimum salary (2020): 665€

Monthly base salary: The gross amount, paid regularly and corresponding to the normal working period.

Monthly earnings: The gross amount paid monthly, on a regular basis, for the hours of work performed, as well as for the hours paid but not actually worked. This includes, in addition to the basic pay, all premiums and regular grants (seniority bonuses, allowances for function, food, housing, transportation, seniority, productivity, attendance, shift, timetable exemption, arduous or hazardous work, etc.), as well as payment for overtime.

APPLICABLE RATES	VALUE/ AMOUNT	TYPE
Base Salary x14 (Holidays and Christmas Bonuses)		
Meal Allowance x11	4,77€/day of work	Reference amount for the public sector
Work Insurance x14	1% of base salary (indicative amount)	Mandatory
Social Security - Employer Contribution	23,75% of the base salary	Mandatory
Working Compensation Fund x12	1% of the base salary	Mandatory
Social Security - Employee Contribution	11% of the base salary	Mandatory

IRS Tax (Personnel Income Tax): tributes all annual value of the citizens' income. The rates vary between 14.5% and 48%.

Where are we today?



Talent

Portugal in global rankings

PORTUGUESE TALENT IS RECOGNIZED FOR ITS QUALIFICATIONS, FLEXIBILITY AND COMMITMENT.

WORLD TALENT RANKING, 2020

#26
out of 63 countries

#12
Management
Education

#7
Language
Skills

#14
University
Education

Source: IMD World
Competitiveness Center

GLOBAL TALENT COMPETITIVENESS INDEX

#28
out of 132 countries

Source: INSEAD, the Adecco Group,
and Google Inc.

ENGLISH PROFICIENCY INDEX, 2020

#7
out of 88 countries
- High Proficiency

Source: Education First

GLOBAL INNOVATION INDEX, 2020

#32
out of 131 countries

#29
Knowledge Creation

#14
Knowledge Impact

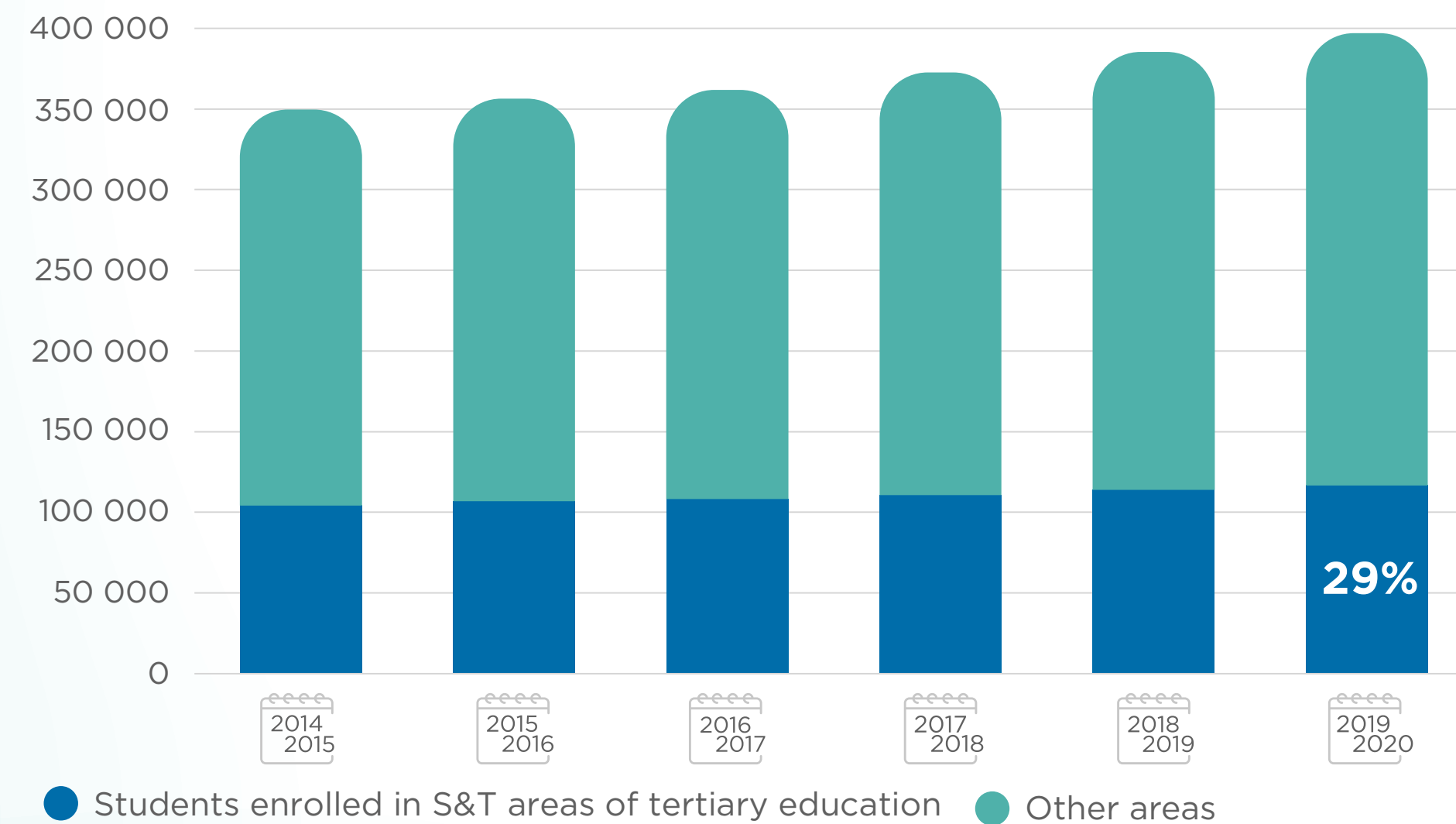
Source: Cornell University, INSEAD, and the World
Intellectual Property Organization

Higher education has been growing

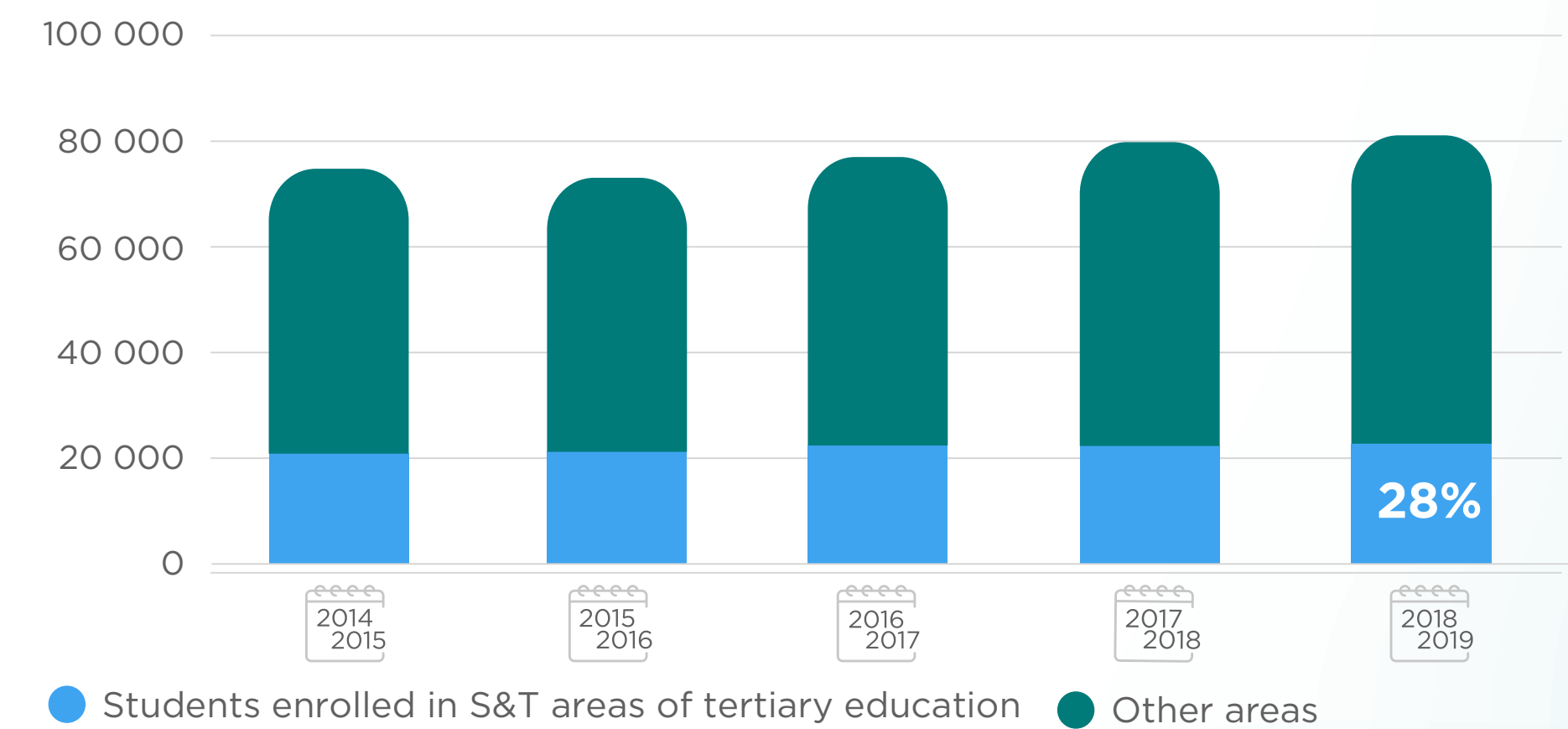
The Portuguese school system has witnessed historic improvements in access, attainment and performance over the past 20 years. In 2020, 28% of the Portuguese population between 25 to 64 years old had higher education. This rate increased considerably to 42%, in a 25 to 34 years old population.

28% of students graduated in the areas of Sciences, ICT and Engineering.

NUMBER OF STUDENTS IN TERTIARY EDUCATION



NUMBER OF GRADUATES IN TERTIARY EDUCATION



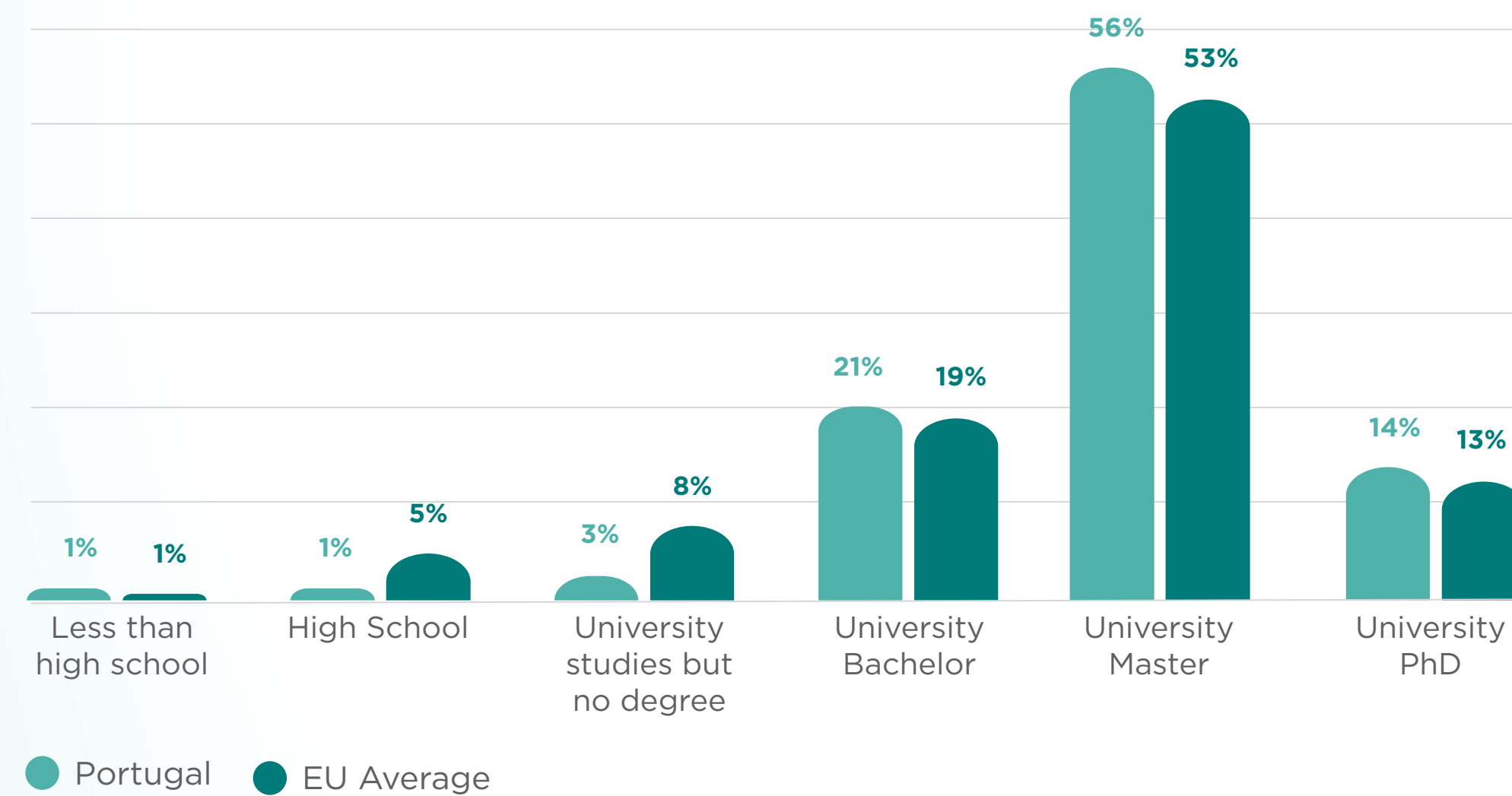
Source: www.ine.pt; data updated on September 2020
S&T refers to: "Natural sciences, mathematics and statistics", "Information and Communication Technologies (ICTs)" and "Engineering, manufacturing and construction"

Source: www.ine.pt; data updated on July 2020
S&T refers to: "Natural sciences, mathematics and statistics", "Information and Communication Technologies (ICTs)" and "Engineering, manufacturing and construction"

The importance of higher education in startups/scaleups

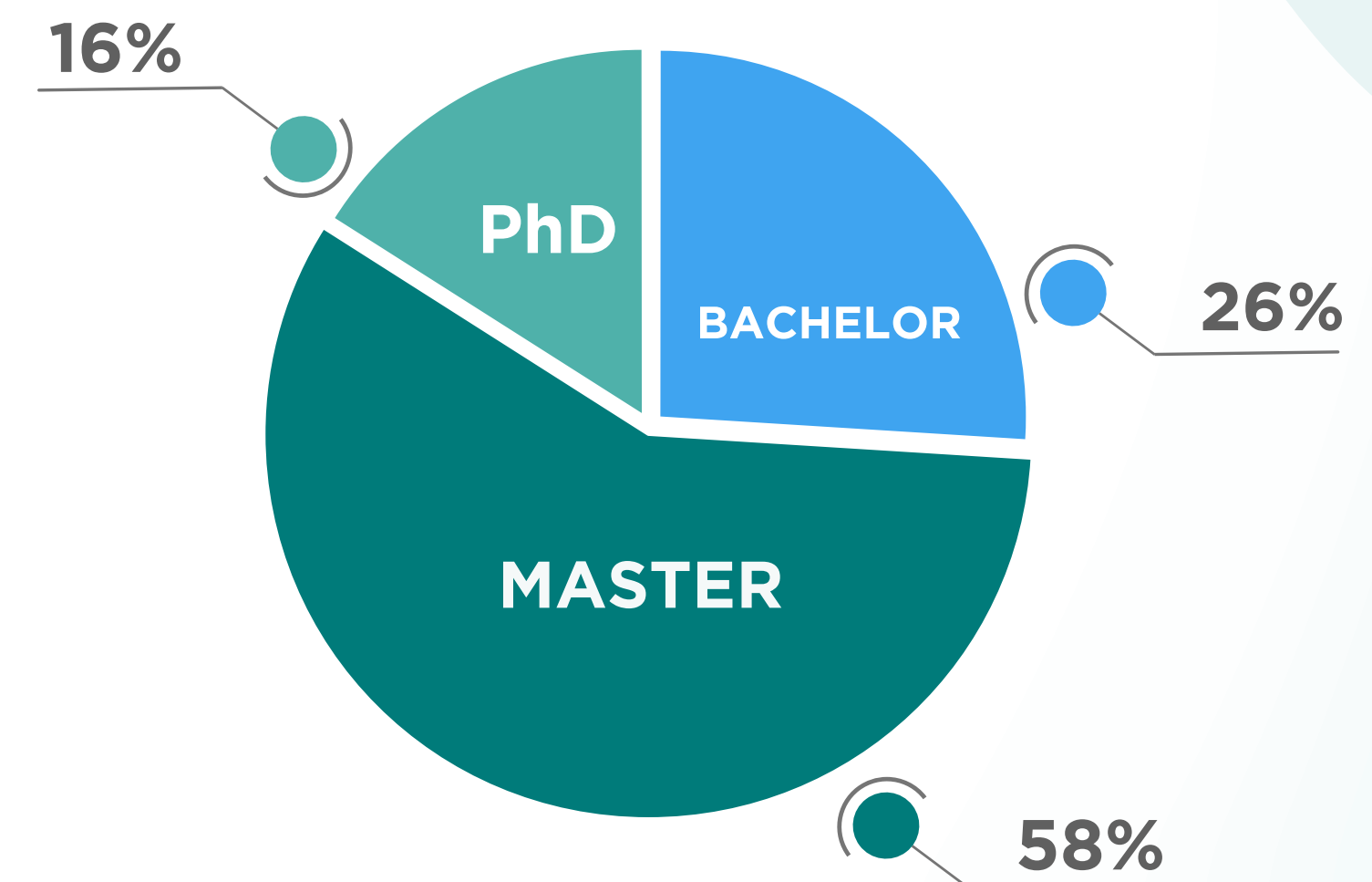
THE PEOPLE BEHIND PORTUGUESE STARTUPS AND TOP SCALEUPS ARE HIGHLY QUALIFIED WITH THE MAJORITY OF THEM HOLDING AT LEAST A MASTER'S DEGREE.

LEVEL OF EDUCATION OF STARTUPS' FOUNDERS



Source: EU Startup Monitor, European Commission, 2018 Report

TOP 25 SCALEUPS FOUNDERS DISTRIBUTION BY LEVEL OF EDUCATION



Source: BGI, EIT: Scaleup Portugal, 2020

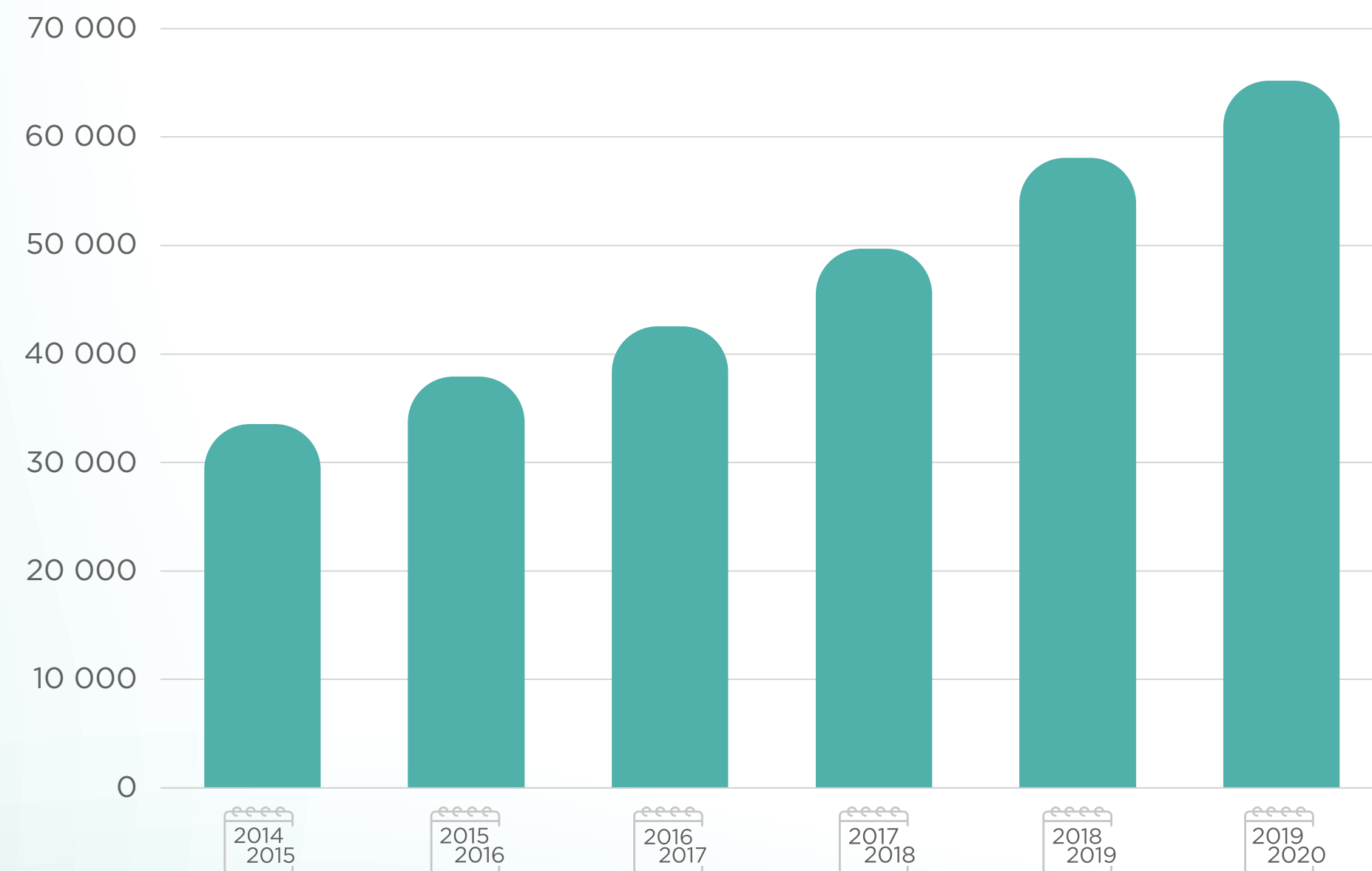
Foreign students and graduates

PORTUGAL EMBRACES DIVERSITY AND INTERNATIONAL ENVIRONMENTS

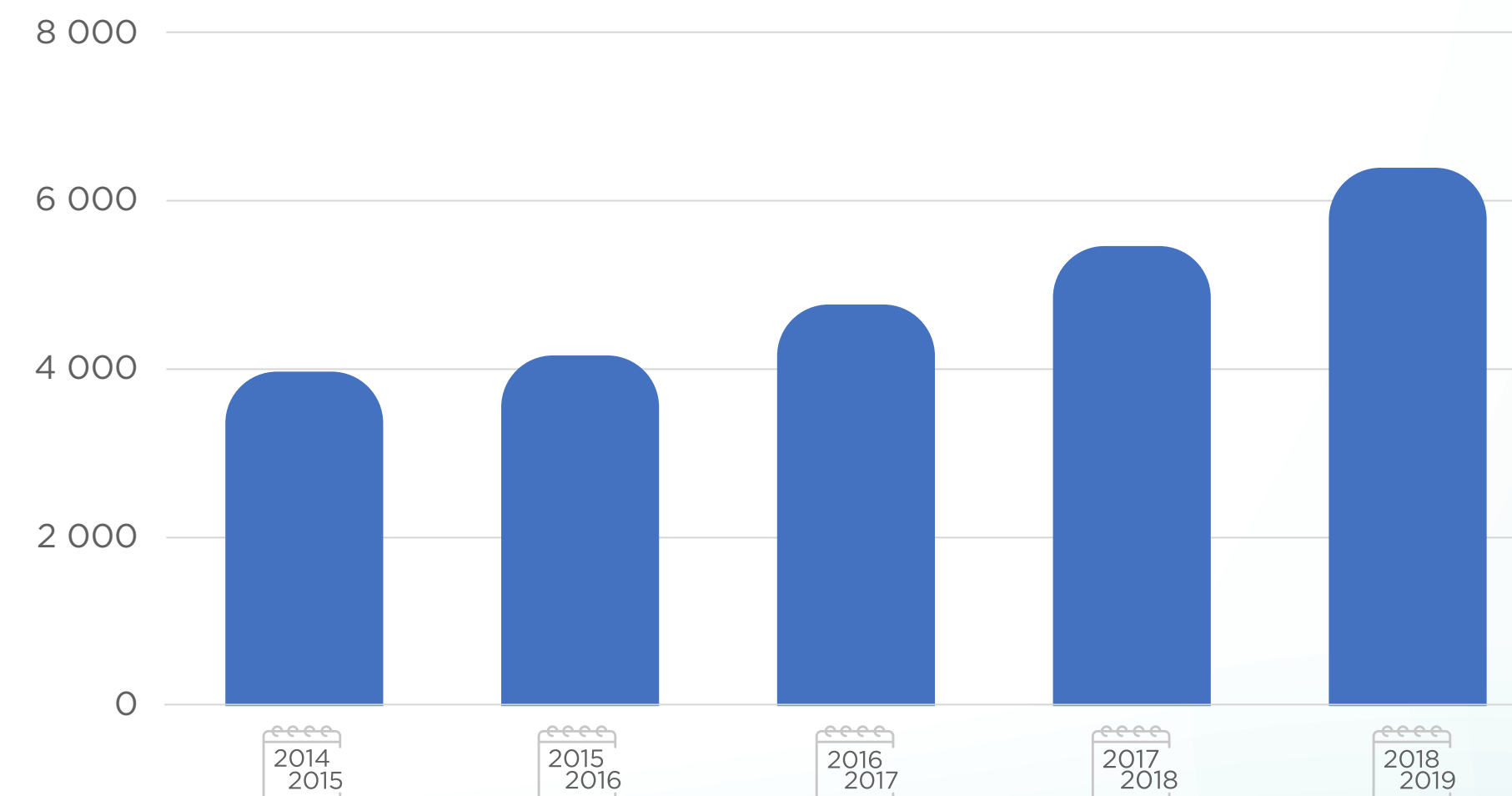
Over the last five years, the number of foreign students choosing Portugal as their destination has significantly risen. The majority come from Brazil, but European countries are well represented, like Germany and Italy. Also, people from African countries like Cape Verdeans and Angolans are choosing Portugal to get a diploma. This has been

shaping the higher education and science landscape into an open, multicultural and international environment over the last years. **The number of foreign graduates in 2019 increased 17% over the previous year. The number of enrolled students continued to grow in 2020.**

NUMBER OF FOREIGN STUDENTS ENROLLED IN TERTIARY EDUCATION



NUMBER OF FOREIGN GRADUATES



ICT skills are being built, in tertiary education and other programs

SOME INNOVATIVE PROGRAMS HAVE EMERGED TO PREPARE WORKERS FOR A ROLE IN ICT



UPSKILL PROJECT – DIGITAL SKILLS & JOBS

Upskill project, launched in 2020, is the outcome of a joint initiative between an industry association (APDC), the Public Employment Office (IEFP) and partner universities. The 9-month courses aim to address ICT skills gaps identified by IT companies in Portugal and will take place at different higher education institutions across the country. Java, .NET, Python, Cloud, Salesforce and Outsystems are some of the courses covered under this Programme, corresponding to the skills areas where demand is strongest.



42 LISBOA – PROGRAMMING SCHOOL

Founded in Paris in 2013, 42 Lisboa is a programming school operating in more than 20 countries, being recognized as one of the best programming schools in the world. A 42 school was opened in Lisbon in 2020. 42 is not a traditional school. It is free of charge, and it doesn't require any academic degree or coding experience. The school has a practical approach, based on peer-to-peer collaboration.

A BUNCH OF GOVERNMENTAL MEASURES ARE IN PLACE AIMING THE DEVELOPMENT OF A DIGITAL SOCIETY



Portugal adopted the “**Action Plan for Digital Transition**” with the purpose of accelerating the country's digitalization. One of the pillars encompasses a measure for “Capacity building and digital inclusion” that specifically addresses: 1) Digital education; 2) Professional training and reskilling and 3) Digital inclusion and literacy.



The Portuguese government established the “**National Digital Competences Initiative e.2030**”, an integrated public policy to enhance and foster digital competences. One of its action-lines focuses on promoting specialization in digital technologies and applications to improve employability and create higher added value in the economy.

Cost of talent

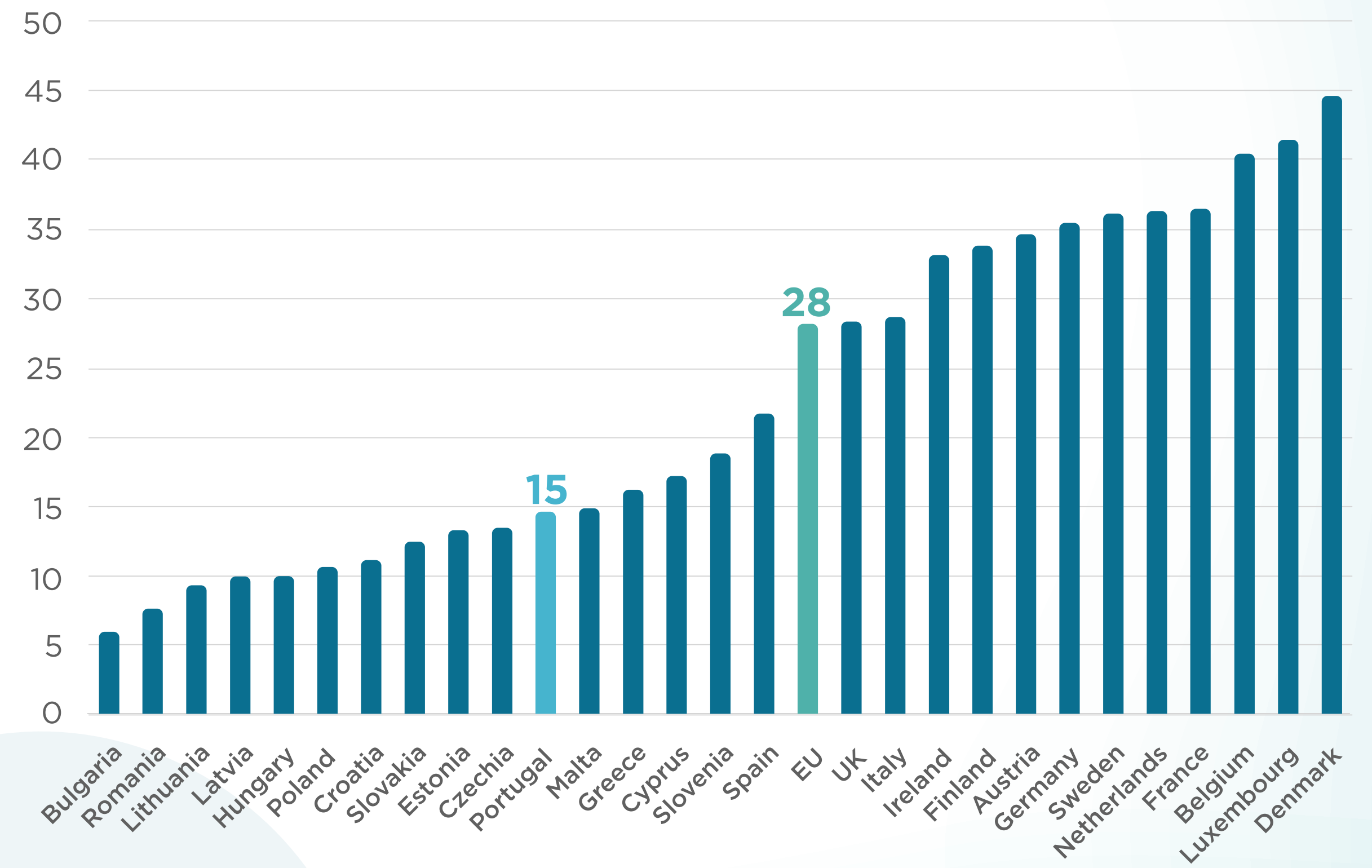
COST OF TALENT IN PORTUGAL BELOW EU AVERAGE

In 2019, average hourly labor costs were estimated at EUR 28.2. However, this average masks sizeable gaps between EU member-states, with hourly labour costs ranging between EUR 6.0 and EUR 44.7.

Portuguese labor cost is around 50% of the average cost.

Between 2018 and 2019, hourly labor costs in the whole economy expressed in euro rose by 2.9 % in the EU and by 2.5% in the euro area.

LABOR COSTS PER HOUR, 2019



Where are we today?



Knowledge

Universities

PORTUGAL HAS A WIDE RANGE OF EDUCATIONAL INSTITUTIONS AND COURSES IN THE AREAS OF SCIENCES AND TECHNOLOGY

Tertiary educational institutions are divided into universities and polytechnics. The main difference between the two is that the universities have a greater focus on academic research, while the polytechnics are more focused on preparing students for a specific career path.


In 2020 there were 123 universities and 161 polytechnics in Portugal.¹

There are around **771 higher education courses in 135 schools, in the areas of Sciences, Mathematics and Information Technology**. 91 courses in 45 schools in the areas of Engineering of Information Technology.²

Business Schools are internationally recognized, with **two schools ranking as the top 25** best full-time MBAs in Europe.³

TIMES HIGHER EDUCATION
WORLD UNIVERSITY RANKINGS 2021
(1500 UNIVERSITIES)

Nº OF STUDENTS

 UNIVERSIDADE CATOLICA PORTUGUESA	#351-400	11 187
 NOVA UNIVERSIDADE NOVA DE LISBOA	#351-400	19 976
 U. PORTO UNIVERSIDADE DO PORTO	#401-500	32 586
 U LISBOA UNIVERSIDADE DE LISBOA	#501-600	49 019
 universidade de aveiro	#601-800	9 931
 UNIVERSIDADE BEIRA INTERIOR	#601-800	7 180
 UNIVERSIDADE DE COIMBRA	#601-800	21 332
 iscte INSTITUTO UNIVERSITARIO DE LISBOA	#601-800	8 868

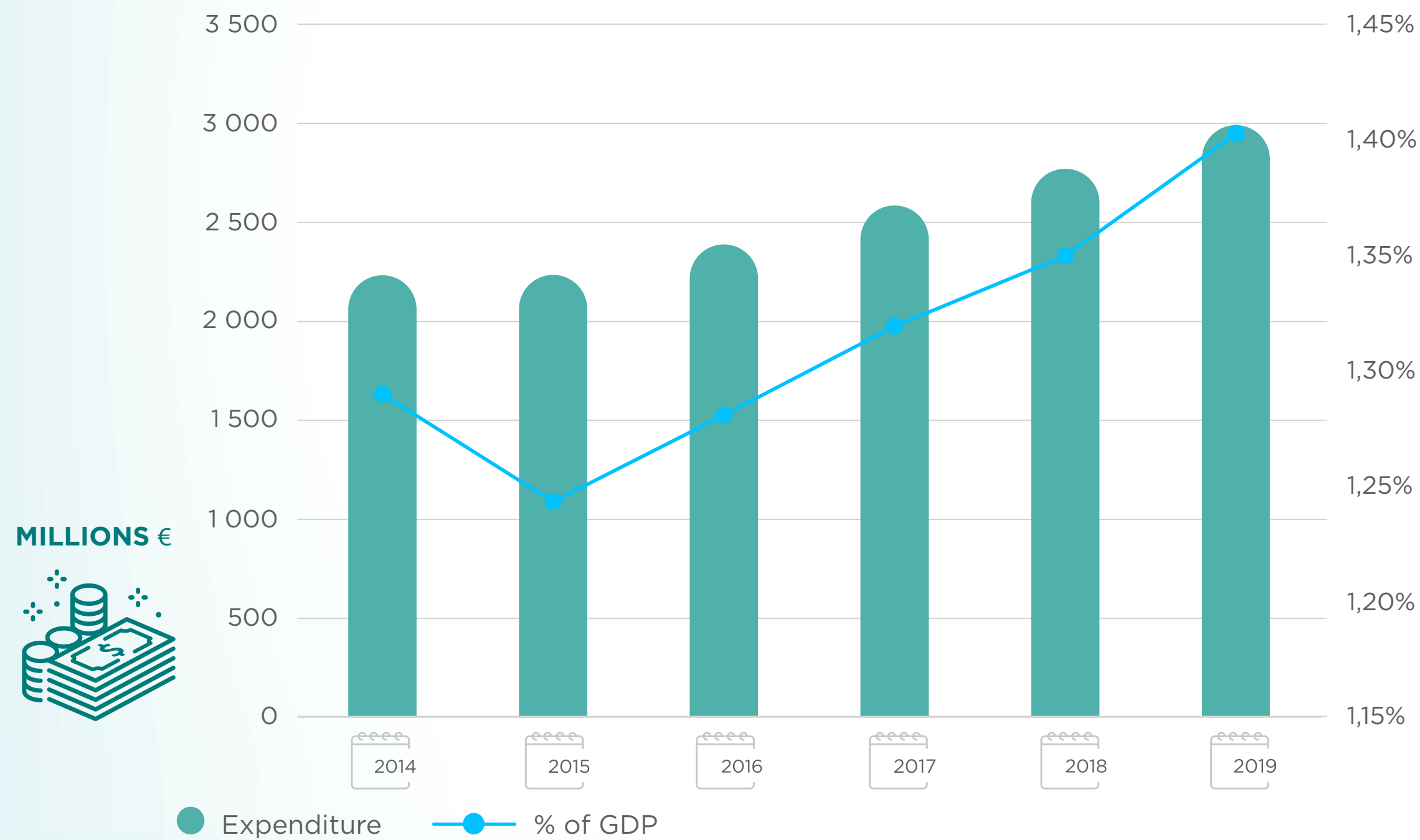
1, 2: Sources: DGEEC, 2020 and DGES
3: Source: The Financial Times

Some of the Portuguese Universities included in "The World University Ranking"

Research & development

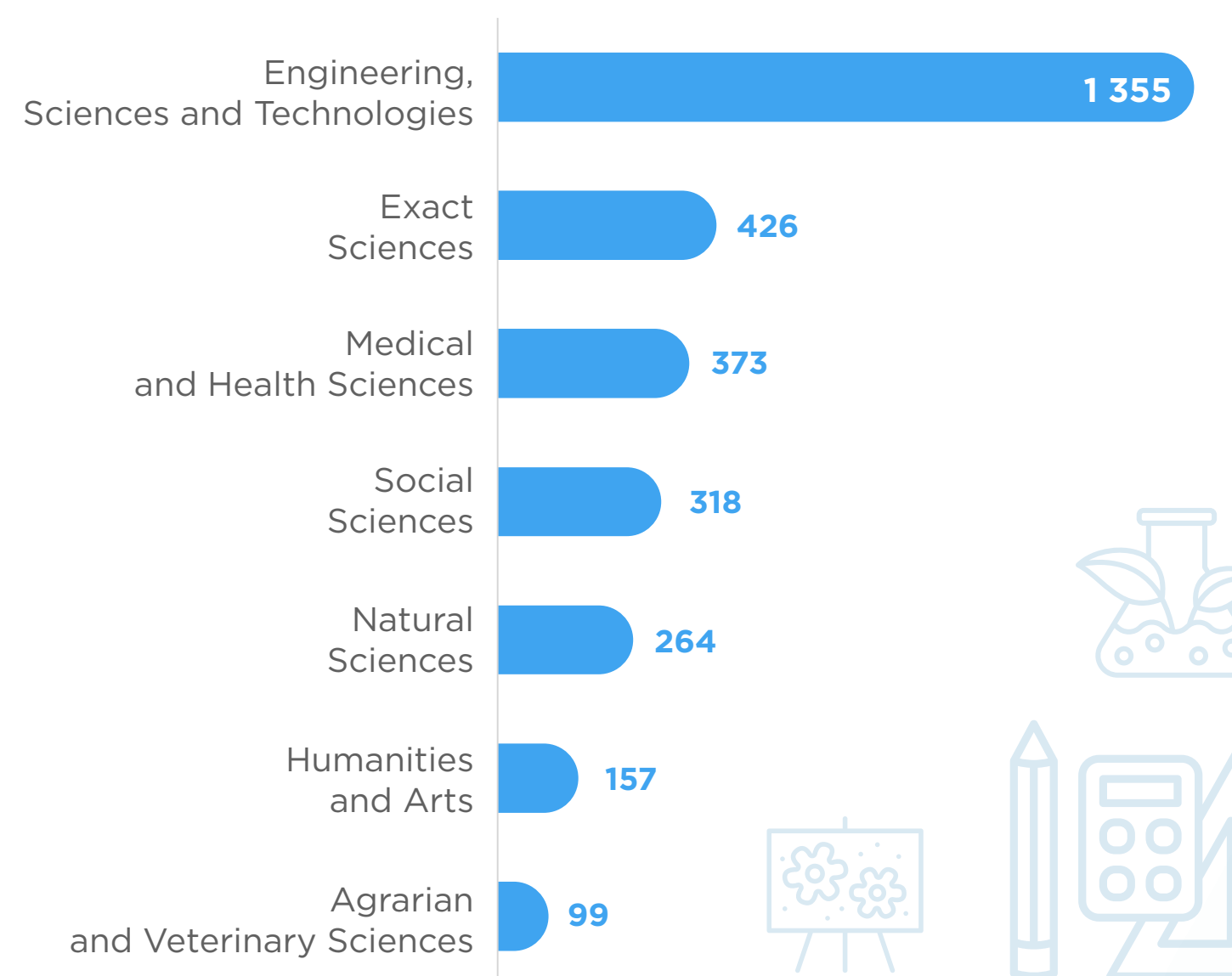
HIGH GROWTH OF EXPENDITURES ON R&D. ENGINEERING SCIENCES AND TECHNOLOGIES TAKE THE BIGGEST SLICE

EXPENDITURE ON RESEARCH & DEVELOPMENT



Source: DGEEC, 2021

EXPENDITURE ON RESEARCH & DEVELOPMENT BY FIELD OF RESEARCH, 2019, MILLIONS €



Sources: DGEEC, 2020

Entrepreneurship and Academia

Apart from enabling people with the required specific and technical skillset, Academia also plays an important role in teaching entrepreneurship and innovation as a domain in itself.

The formal academic offer shows:

- 59 courses, in between PhDs, Masters', or undergraduate programs, dedicated to Entrepreneurship and/or Innovation
- Throughout 32 institutions (universities, polytechnics, public, and private)
- With a geographically evenly spread distribution in the country

Also worth mentioning the 8 programs dedicated to Social, Impact, and/or Sustainability.

Equally important are the connections to the rest of the value chain, actually bridging the gap between students and other ecosystem stakeholders.

Most universities and polytechnics, if not all, have specific offices or bureaus to serve the purpose, organizing contests, hackathons, events or other specific activities to generate interest and rally students.



CATÓLICA-LISBON
CENTER FOR TECHNOLOGICAL
INNOVATION & ENTREPRENEURSHIP

As an example, Universidade Católica's Center for Technological Innovation & Entrepreneurship serves as a link between students (and academia) and the ecosystem, with a rich agenda, such as:

- The Forward program, a pre-acceleration program to support teams to go through the ideation phase.
- Women Entrepreneurship Award, recognizing their work and incentivize other women to launch their own business.



Some corporates also play relevant roles. As an example, Santander supports Portuguese Academia (over 50 entities) and over 4,000 students through a specific 5,7m€ program in grants, internships and prizes, covering: teaching entrepreneurship skills, supporting new projects and employability support.

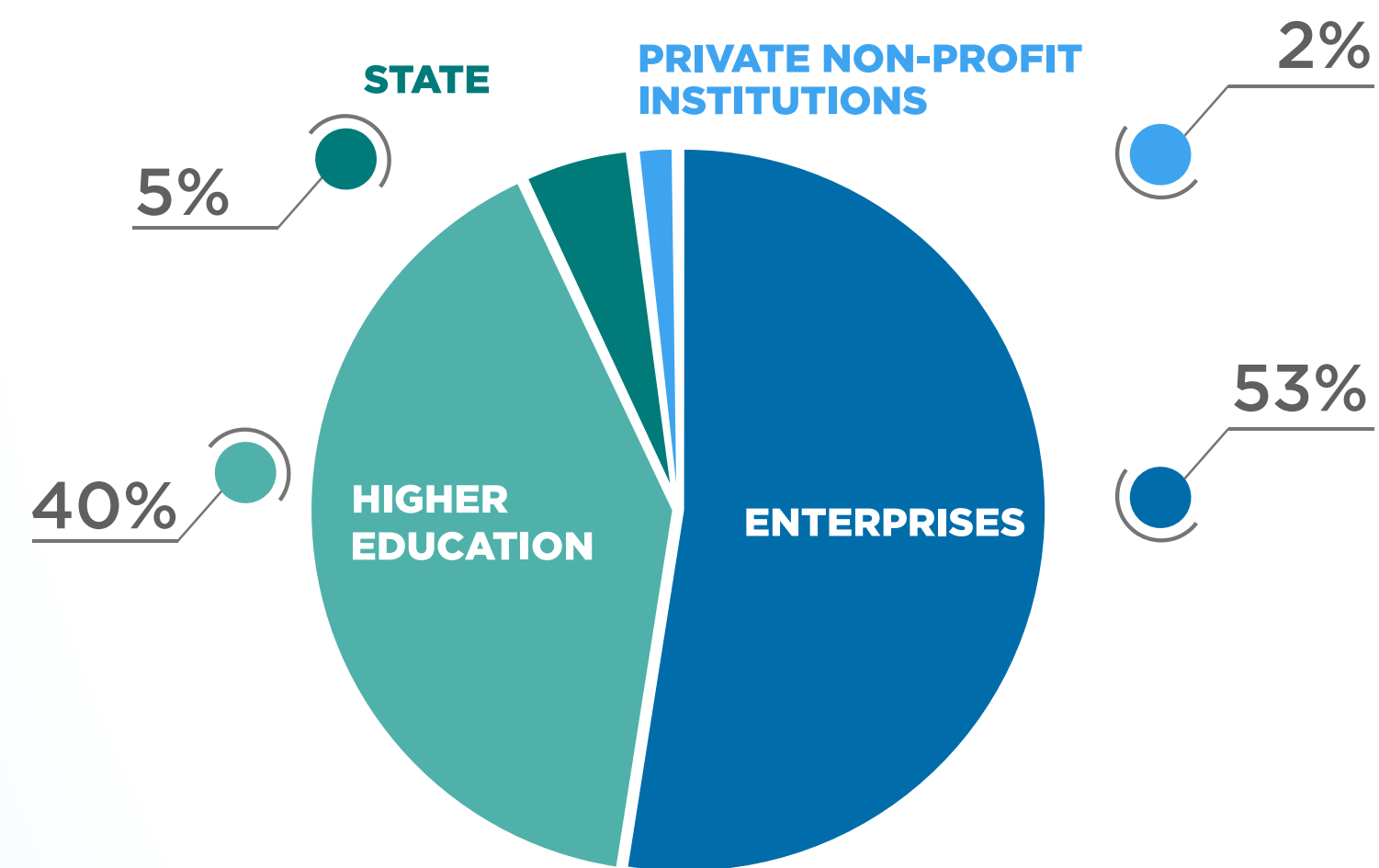
The bank has a specific policy of promoting participation in international competitions (Santander X Tomorrow Challenge, which allocates 1m€ to 20 projects) and Academies (European Innovation Academy, a 3 week immersion program), startup development training (like Explorer Program or Santander Poliempreende), Innovation Challenges, and Research prizes.

There is also a relevant social impact entrepreneurship angle, with several specific training courses and contests (Uni.Covid-19 has awarded a total of 30k€ to 14 new projects).

Research & development

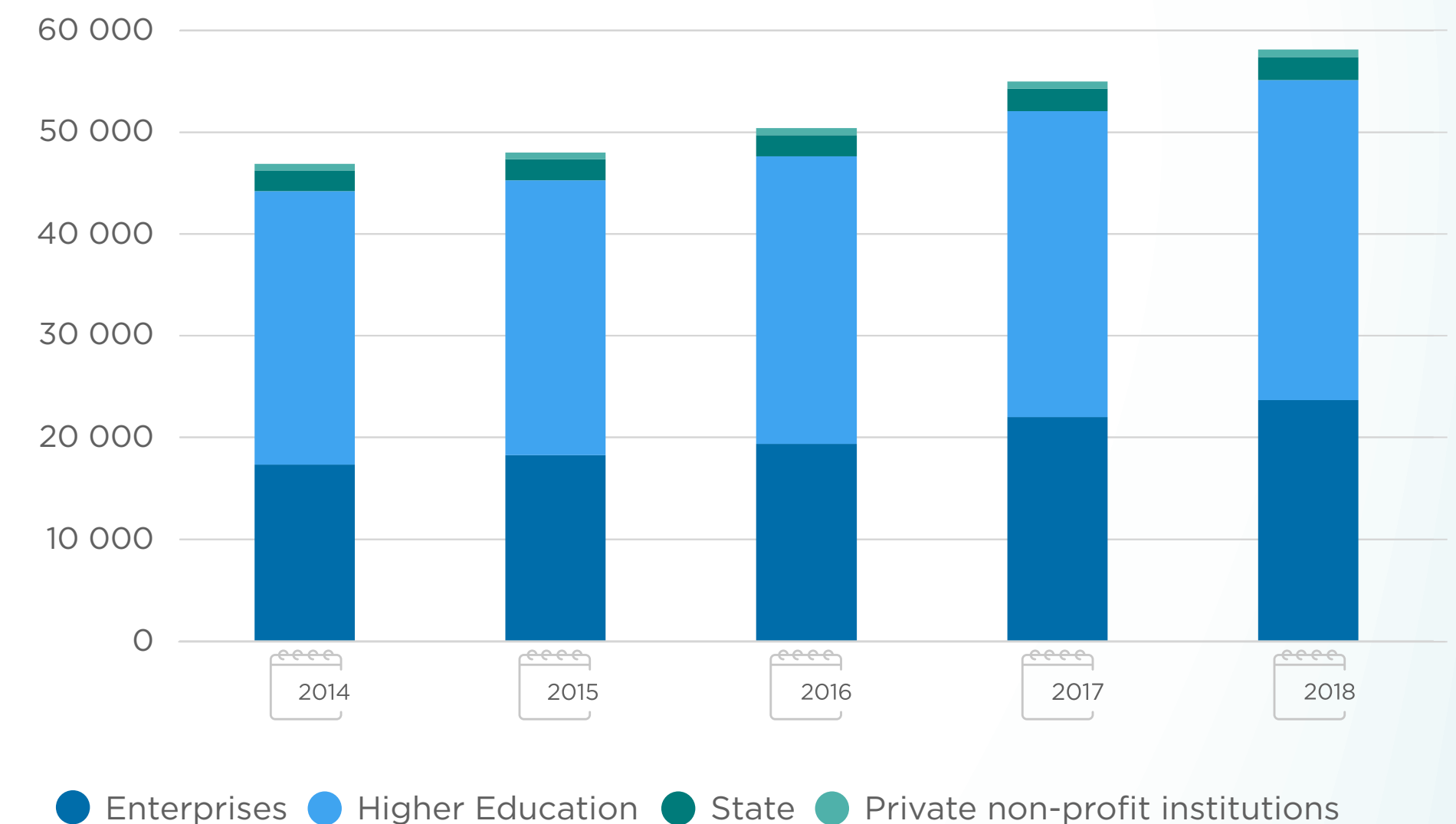
ENTERPRISES PLAY A BIG ROLE IN KNOWLEDGE DEVELOPMENT

EXPENDITURE ON RESEARCH & DEVELOPMENT BY SECTOR OF PERFORMANCE



Sources: DGEEC, 2021

PERSONS EMPLOYED AT FULL-TIME EQUIVALENT (FTE) IN R&D



Sources: DGEEC, 2021

TOP ENTERPRISES WITH HIGHER SPENDING ON R&D, 2019



Where are we today?

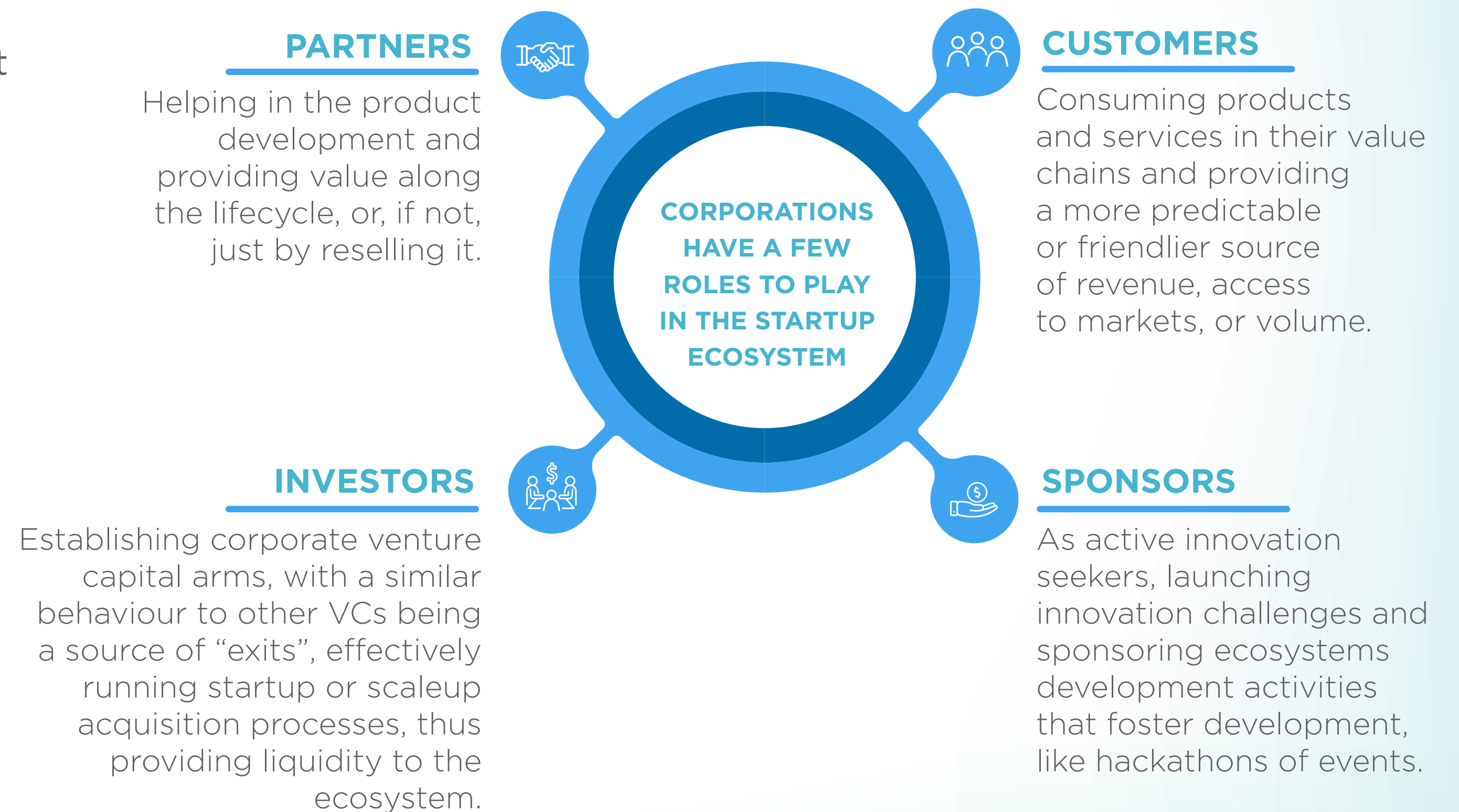


Corporations

Corporations are an interested party in the ecosystem

CORPORATIONS OFTEN LOOK AT YOUNG, AGILE AND INNOVATIVE STARTUPS AS:

- a way of experimenting and innovating outside their own boundaries and constraints
- a source of, and funnel for, products that can be incorporated in their offer and add significant value to their customer value propositions
- a way of differentiating themselves in their native markets
- a source of talent and human capital.



Some local initiatives supporting entrepreneurship



CTT, within the scope of its innovation policy and support of the national ecosystem, has launched a startup technological challenge in order to accelerate its own digital transformation in mail handling.

CTT has created an investment fund to support Small and Medium Businesses and Startup development, reinforcing its connection to the innovation ecosystem.

The fund will invest 4m€ in startups (seed, series A and growth), in sectors aligned with CTT's priorities, namely e-commerce, operations & logistics, communication, fintech, retail and advertising.



EDP invests highest value ever in startups in the areas of digital innovation, electric mobility and smart grids and announces first exit.

The priority areas for investment are aligned with EDP group's business and are divided between clean energies, energy storage solutions, smart grids, digital innovation and solutions related to customers

Corporate VCs can support startups very effectively, being their first customer, being their first reference that can then be used to acquire new customers and strategic focus in accelerating startup development.



Techstars, the worldwide network that helps entrepreneurs succeed, and Semapa Next, the venture capital business unit of the Semapa Group, are partnering to bring a new mentorship-driven accelerator program to Lisbon, Portugal.

The program will focus on companies that are solving problems in manufacturing, transportation, logistics, sustainability, and travel and leisure. The companies that have been selected to join us for this year's program in Lisbon are coming from the U.S., U.K., Australia, Germany, France, Slovenia, Singapore, and Portugal.



*Keeping life
in mind.*

Established health companies are looking for startups with ideas, who want to test and develop a new technology based product.

The group bets on Research & Development and Innovation to produce and develop the only 2 Portuguese medicines, since 1924.

Large portuguese companies investing in startups



Galp invites startups and technology companies to present solutions and enable and enhance the decentralized production of energy, with particular focus on self-consumption.

Galp will create a new innovation facility in 2020. UP – Upcoming Energies is the name of the project which will be launched in January, based in Lisbon, and very much focused in searching for solutions for the axes of energy transition, mobility, digital and circular economy.



Sonae MC seeks startups with technology for retail through BrightPixel and Sonae MC, Maia's group integrates Reach consortium with a total budget of 3,5m€.

Once again, Sonae was distinguished by the European Commission as one of the best European companies working with startups. The multinational made the exclusive list of companies classified as "Open Innovation Challengers", by the Startup Europe Partnership on behalf of the European Commission



NOS launched a 10m€ investment fund to stimulate research and development in the use of 5G by the community of entrepreneurs in Portugal.

The 5G Accelerator - Collaborative innovation programme is an initiative by NOS and AWS (Amazon Web Services), in partnership with Startup Lisboa, to accelerate 5G transformation and innovation in Portugal. To this end, it will select the most daring startups committed to placing new solutions based on 5G on the market or boosting their current business models through the application of this technology.

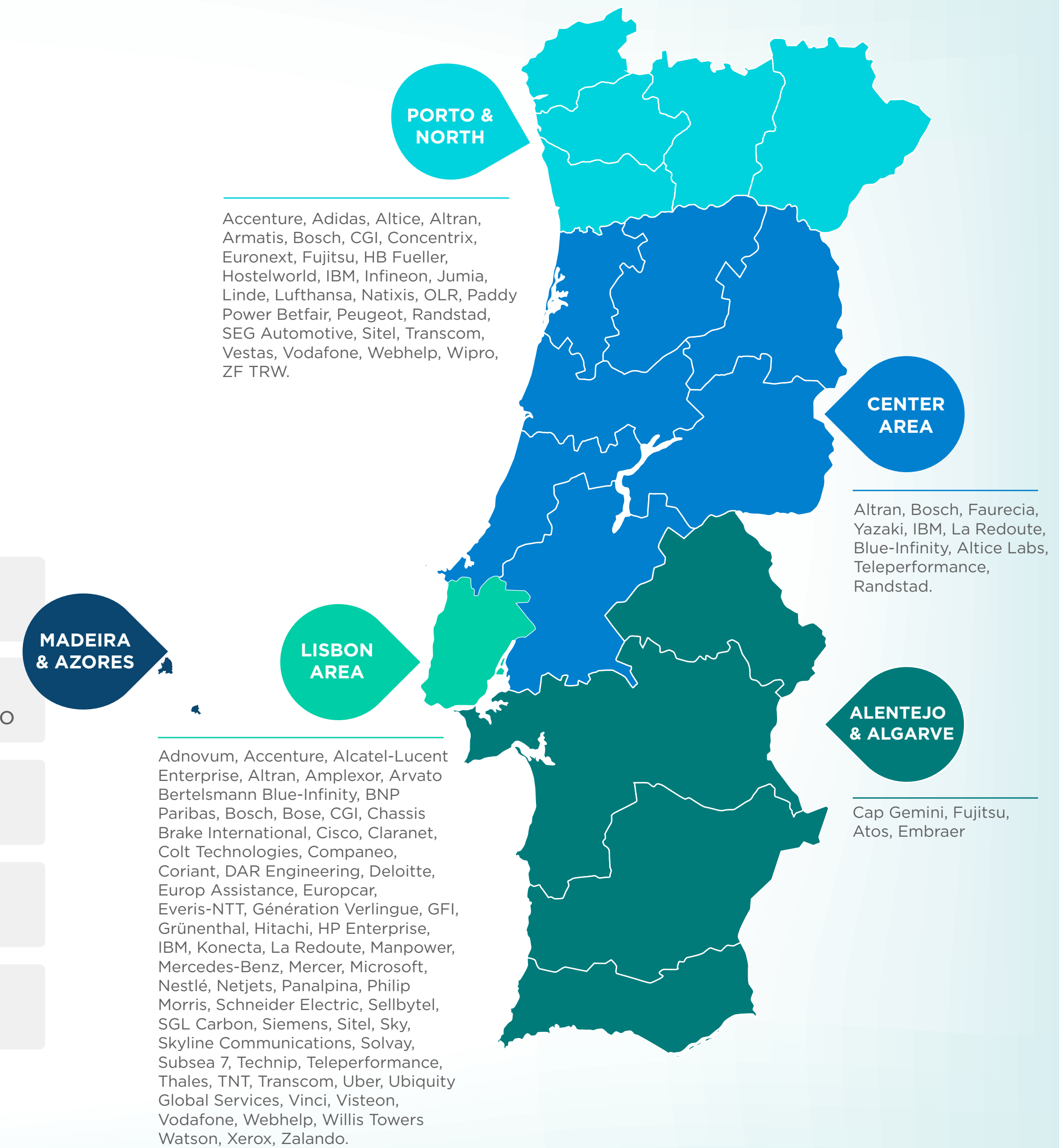
Portugal on the radar of multinationals

Companies from all over the world choose Portugal to install business services centers: shared services centers, competence centers and business process outsourcing.

Around 140 companies have installed about 158 service centers in Portugal 92% are from foreign companies.

Global business services and competence centers are driving innovation and efficiency and already play an important role in Portuguese economy.








 AMYRIS Opens a Biotech R&D center in Porto	 SIEMENS Opens its 'Cyber Security Operations Center' in Lisbon
 BOSCH Opens a technology center for automated mobility in Braga	 Vestas Strengthens R&D capabilities with a new engineering design center in Porto
 Google Opens a Tech Center for EMEA region, in Lisbon	 Volkswagen New software development center in Lisbon
 Mercedes-Benz Opens a Digital Delivery Hub in Lisbon	 zalando Opens its New Technology Hub in Lisbon
 NATIXIS Opens an IT development in Porto	 NOKIA Opens a new Global Shared Services Center in Lisbon area
 Expansion of the Lisbon Hub with Data & Services team	



Portugal on the radar of multinationals

MAJOR COMPANIES ARE INVESTING AND MOVING TO PORTUGAL

RECENT INDUSTRIAL INVESTMENT:

-  **SAKTHI**
New industrial unit.
-  **GMD**
New industrial unit.
-  **MECACHROME**
New industrial unit.
-  **BORGWARNER**
Expansion of existing plant.
-  **HOWA TRAMICO**
First industrial unit.
-  **BOSCH**
Bosh car multimedia strengthens its R&D investment.
-  **EBERSPÄCHER**
Opens exhaust technology plant.

M&A OPERATIONS



Where are we today?



Capital

Capital fuels the ecosystem!

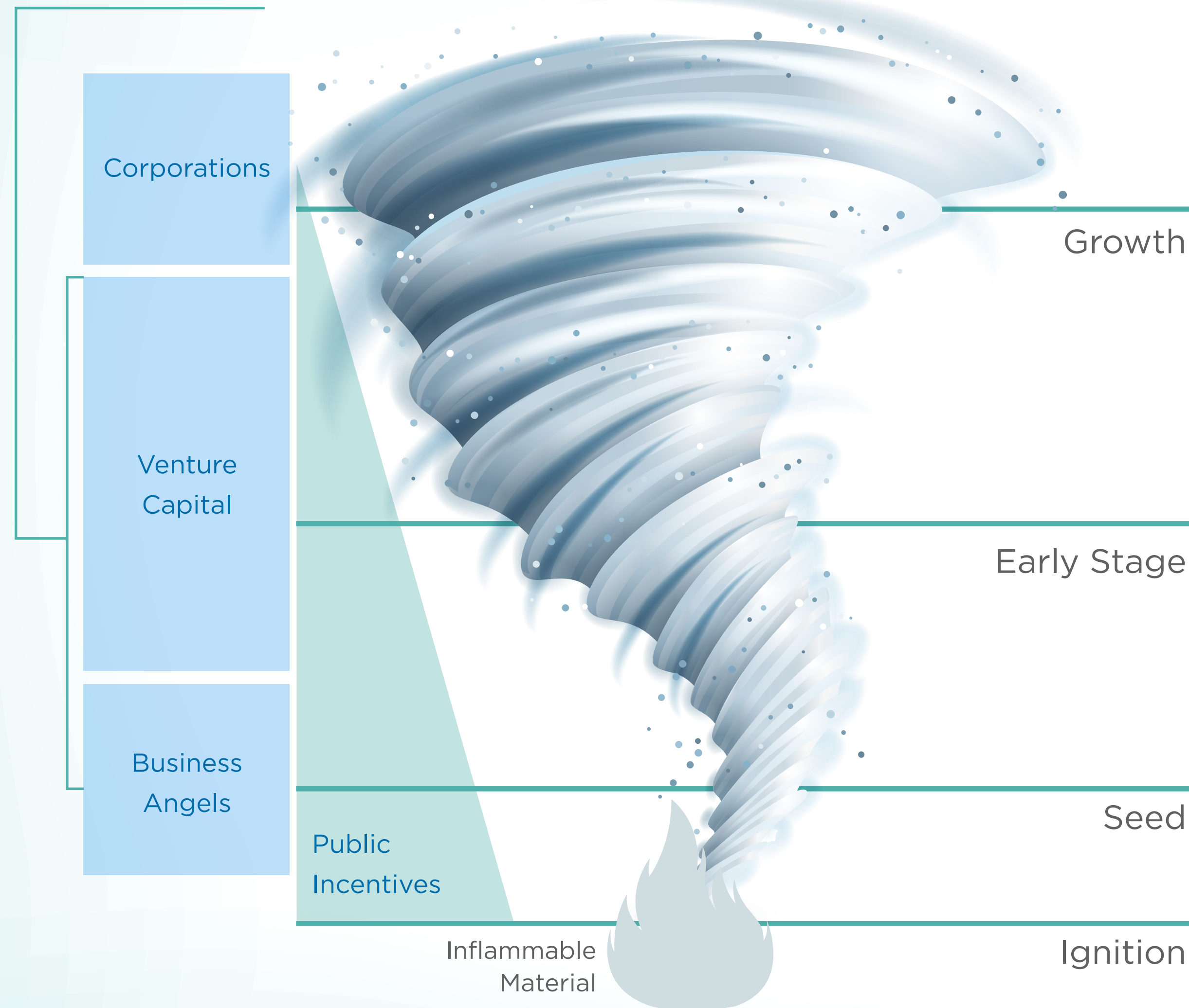
Capital is the key enabler that allows startups to research, experiment, develop and achieve the Holy Grail of product-market fit, upon which they can aspire to scale and eventually command a market segment and carry a unicorn label.

As an individual asset class, Venture Capital has the appeal of potentially providing “moonshot” payouts, but it is also a high risk business, as startup mortality rate is significant. It entails a lot more than just money, requiring a highly customized approach to a startup’s lifecycle, most often also requiring experience, insight, coaching and industry network.

Given its somewhat not very public nature, as well as capital’s global movements (especially in the European Union, with its free market), precise and detailed data are always a challenge to come by.



Some founders exit and pump back money into the ecosystem



Capital: The virtuous spiral

Capital has the potential to generate a virtuous spiral.

It is difficult to gather “flammable material” together to form an ecosystem, but once the ignition point is reached and stars align, capital is the fuel that can propel a startup through its life cycle at lightning speed. Worth mentioning is the singularity where successful founders, after cashing in, become Business Angels and VCs, and give back to the ecosystem, funding and coaching young startups.

Capital invested world wide, split by region

NORTH AMERICA represents ~50% of the allocation

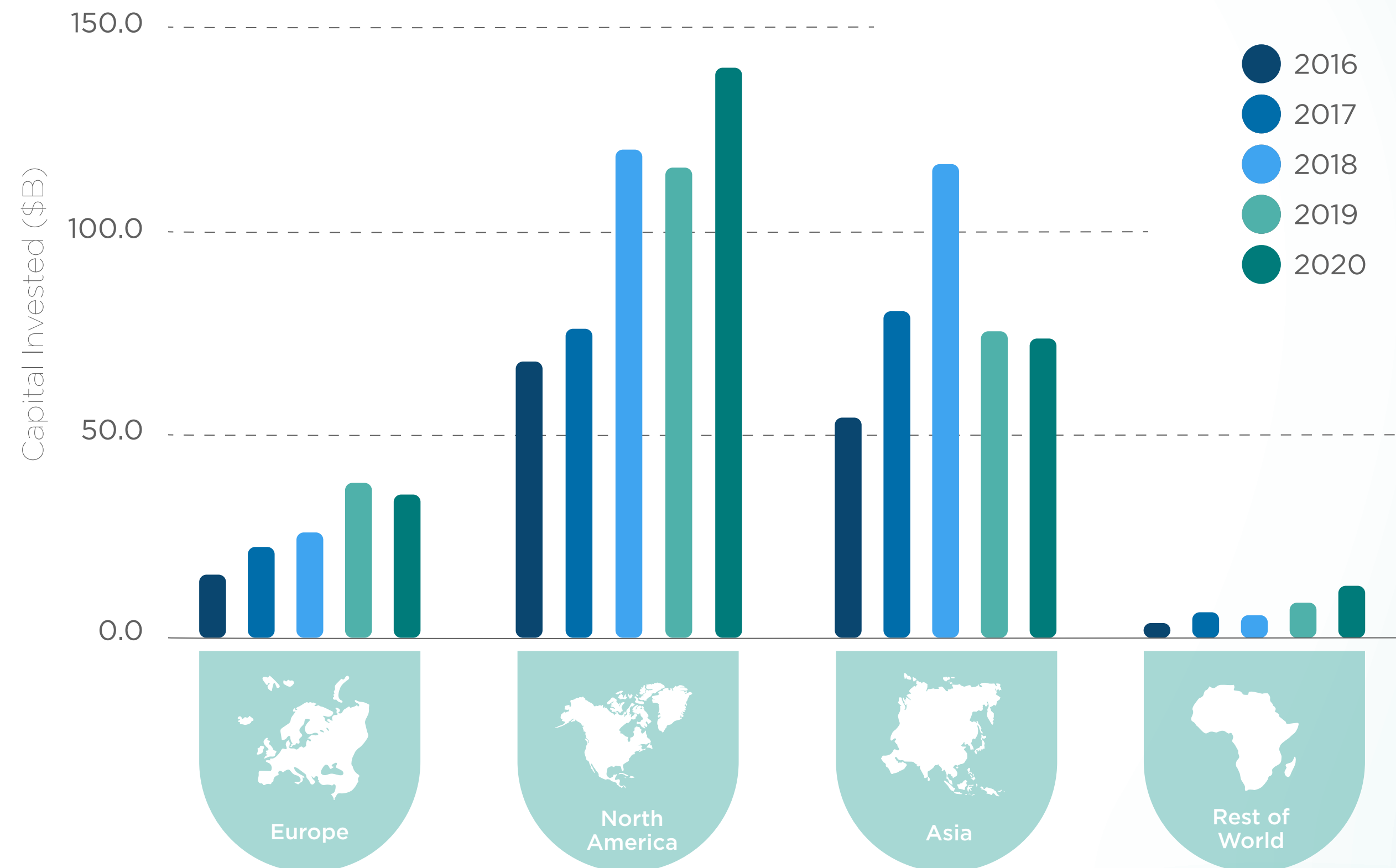
EUROPE'S share has been rising from 11% to 15% of the total

Venture Capital is mostly invested in 3 regions

ASIA typically weighs 30%

Total capital has risen 11% in 2020, in spite of Covid-19 effects

CAPITAL INVESTED (\$B) IN EUROPE, NORTH AMERICA, ASIA AND REST OF WORLD BY YEAR



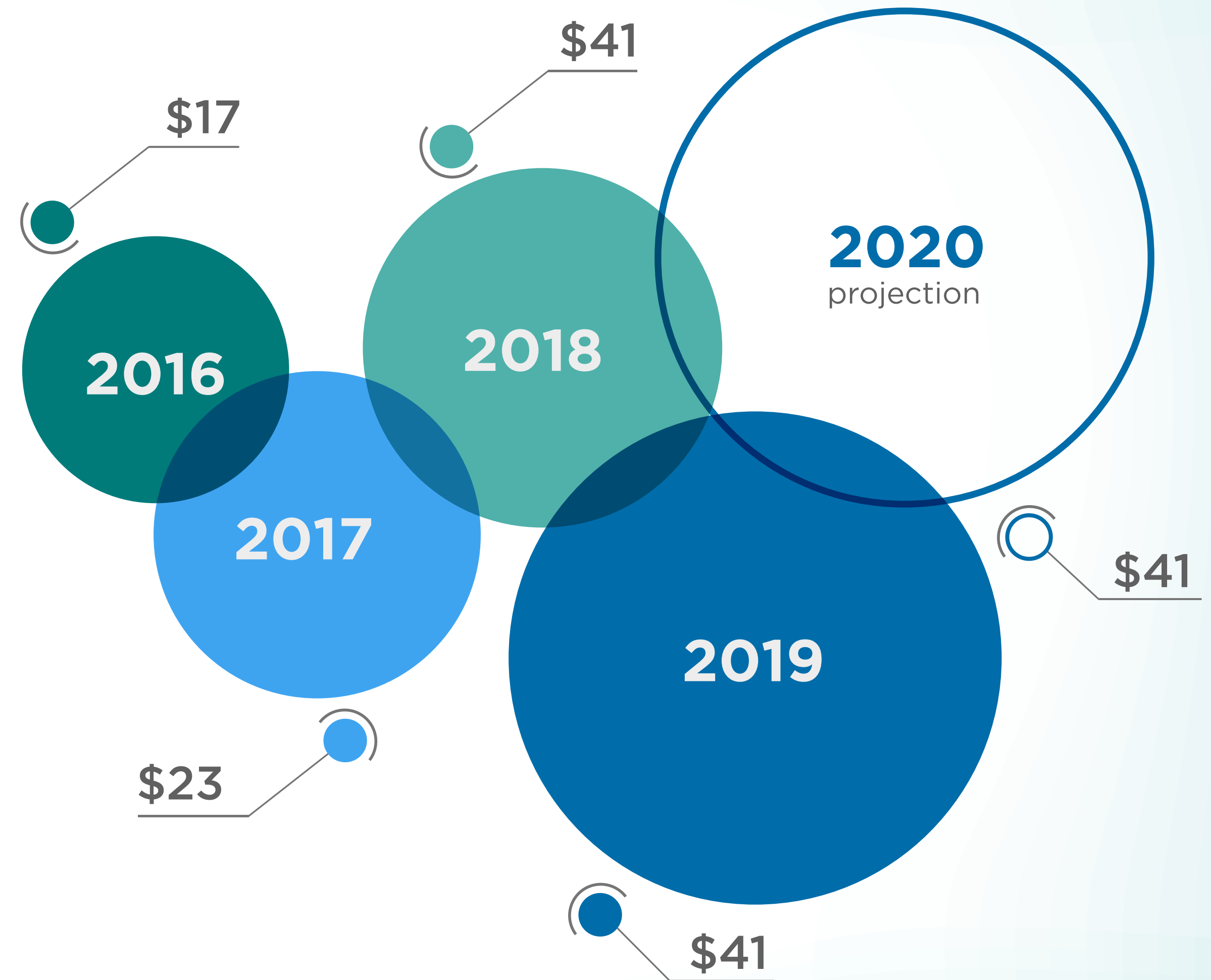
Capital invested in Europe

\$41B

the projection for the total Venture Capital invested in Europe in 2020 is \$41B, pretty much in line with the previous year of 2019.

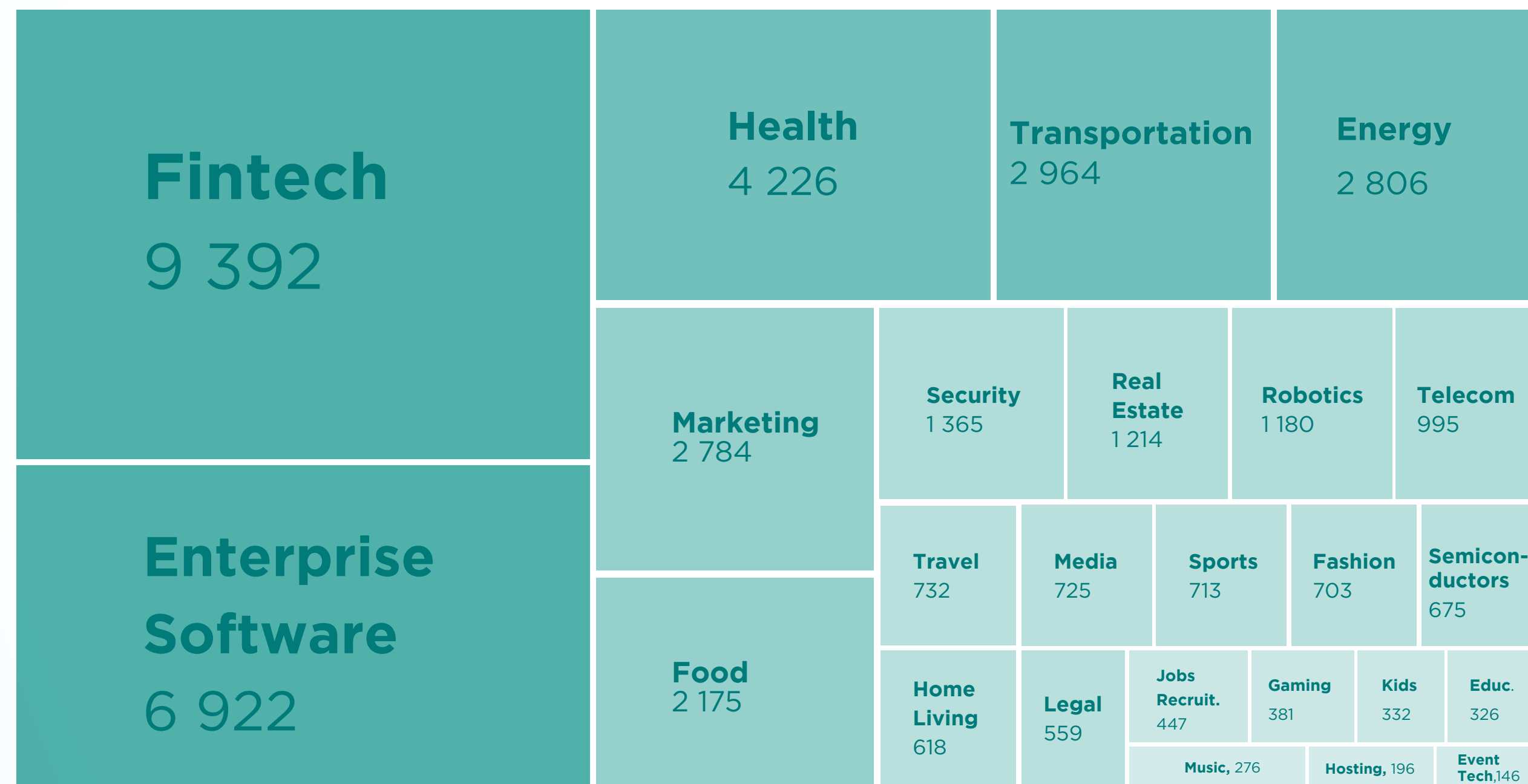
Evolution is significant, showing:

- Accelerating growth rates of **38%** (2016-2017), and over **78%** (2017-2019)
- Flat evolution in 2020, showing **resilience**, even considering the effect of Covid-19



Invested capital allocation in europe, by industry

CAPITAL INVESTED (\$B) BY **INDUSTRY**



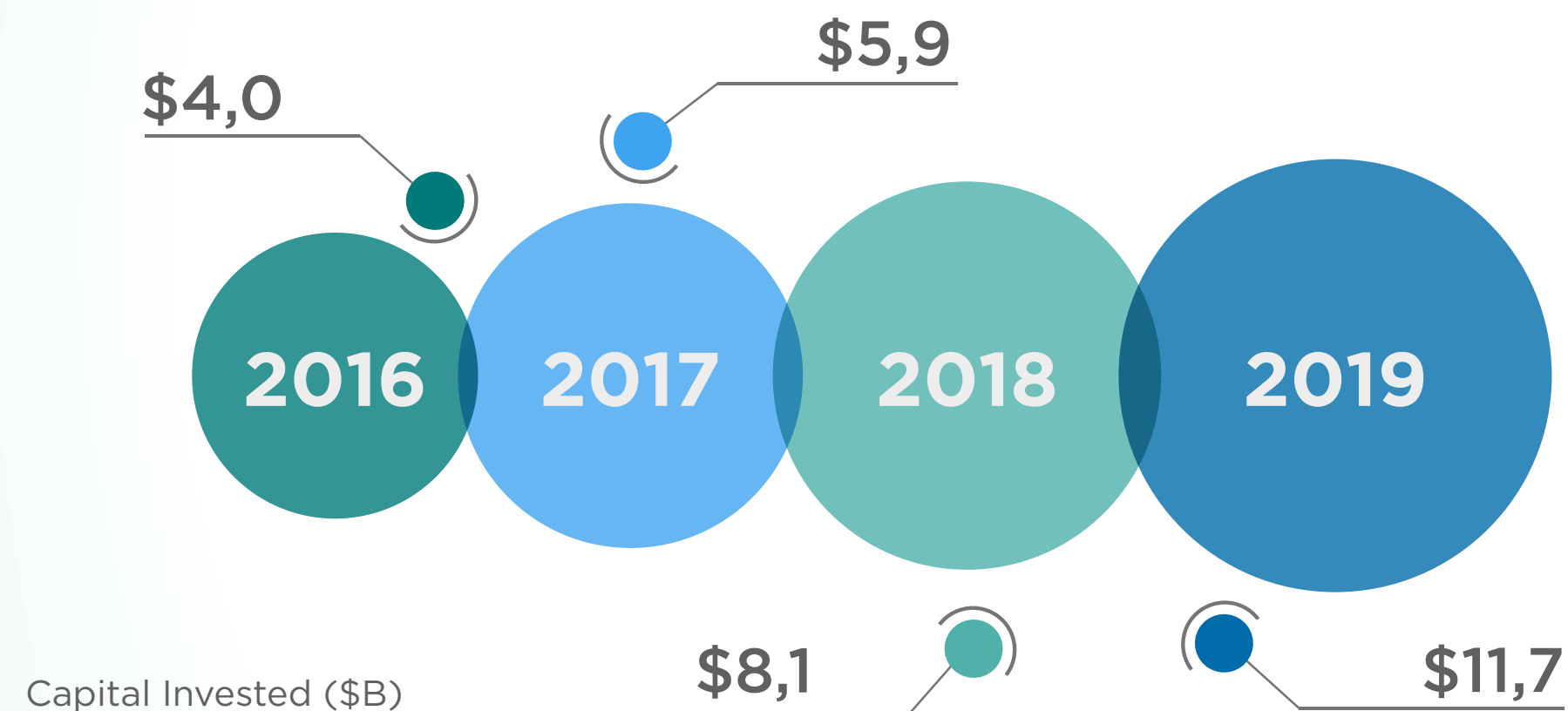
An analysis of the preferred industries for investment in Europe highlights the following data points:

- Fintech takes the lead, followed by Enterprise Software and Healthcare.
- The market is pretty much skewed towards B2B, not surprisingly.
- Europe's multi-country, multi-culture, multi-language environment does not favor a more uniform consumer market (like the USA), and a legacy of fragmented local regulation presents plenty of opportunities for disintermediation.

Capital allocation in SaaS and big tech in Europe

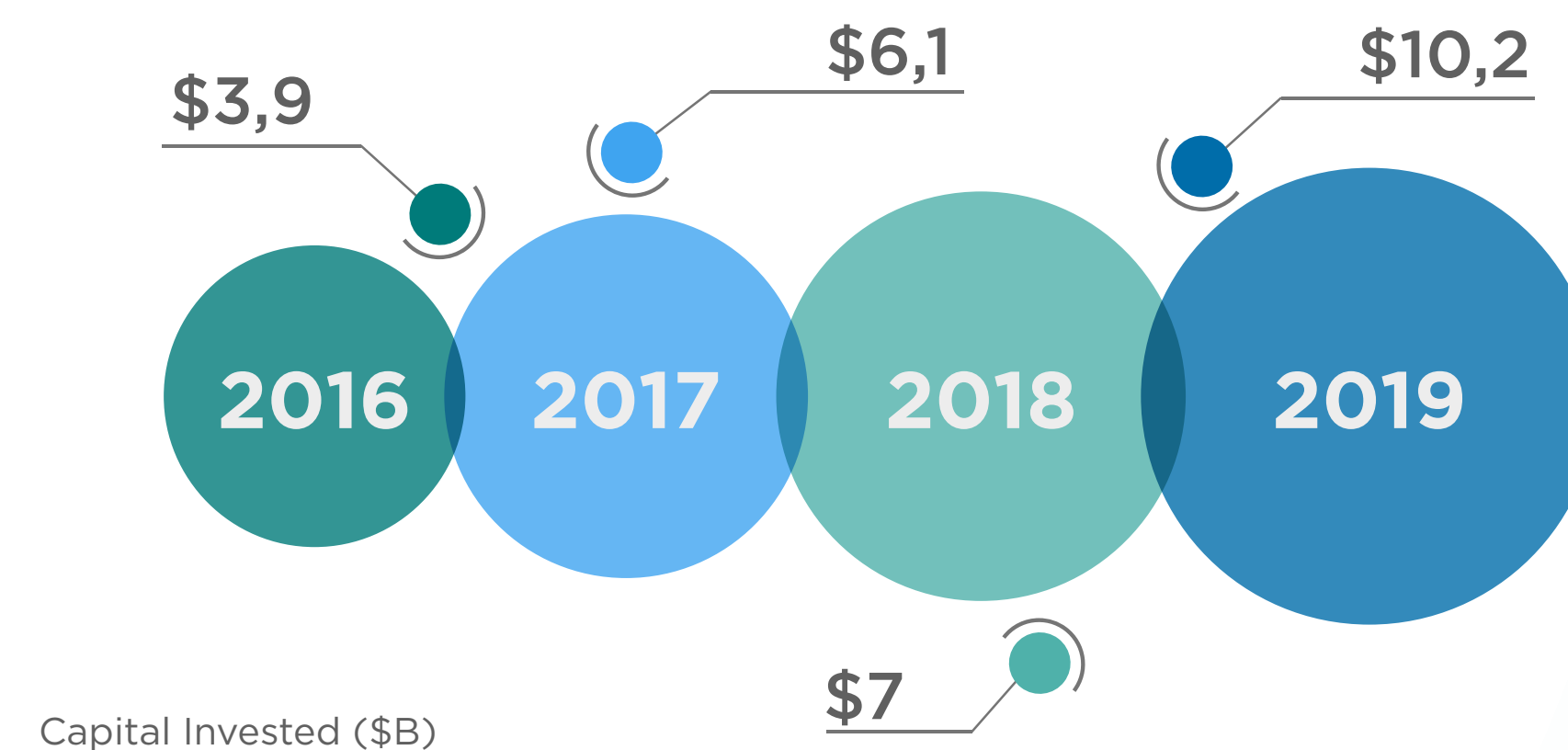
A FINER LOOK AT 2 FOCUS AREAS, SAAS AND BIG TECH SHOWS A HUGE BET ON TECHNOLOGY AND SOFTWARE:

CAPITAL INVESTED (\$B) IN EUROPEAN SAAS COMPANIES PER YEAR



\$11,8B Allocated to SaaS in 2019 represents a ~44% increase from 2018

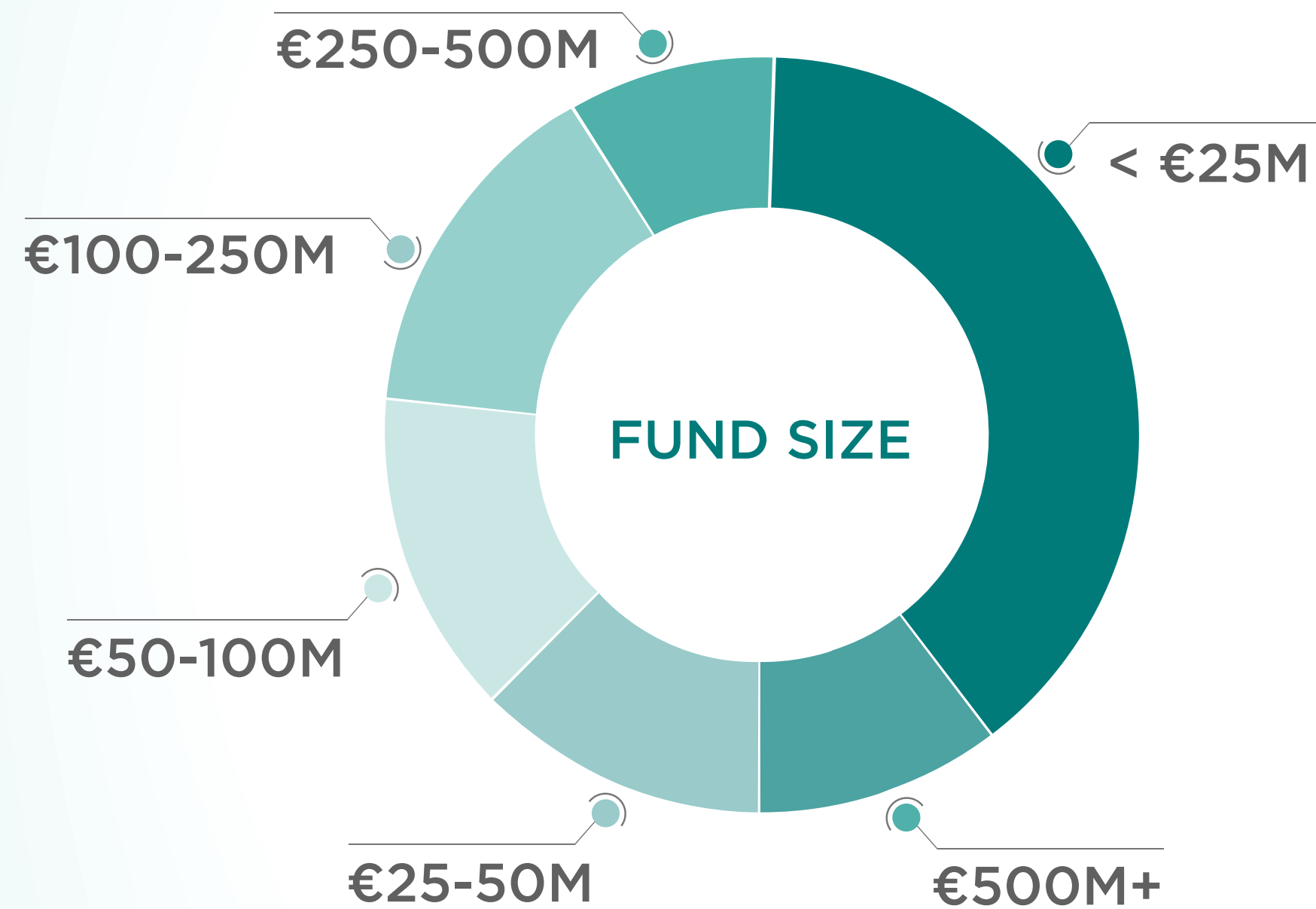
CAPITAL INVESTED (\$B) IN EUROPEAN DEEP TECH COMPANIES PER YEAR



\$10,2B Allocated to BigTech in 2019 represents a ~46% increase from 2018

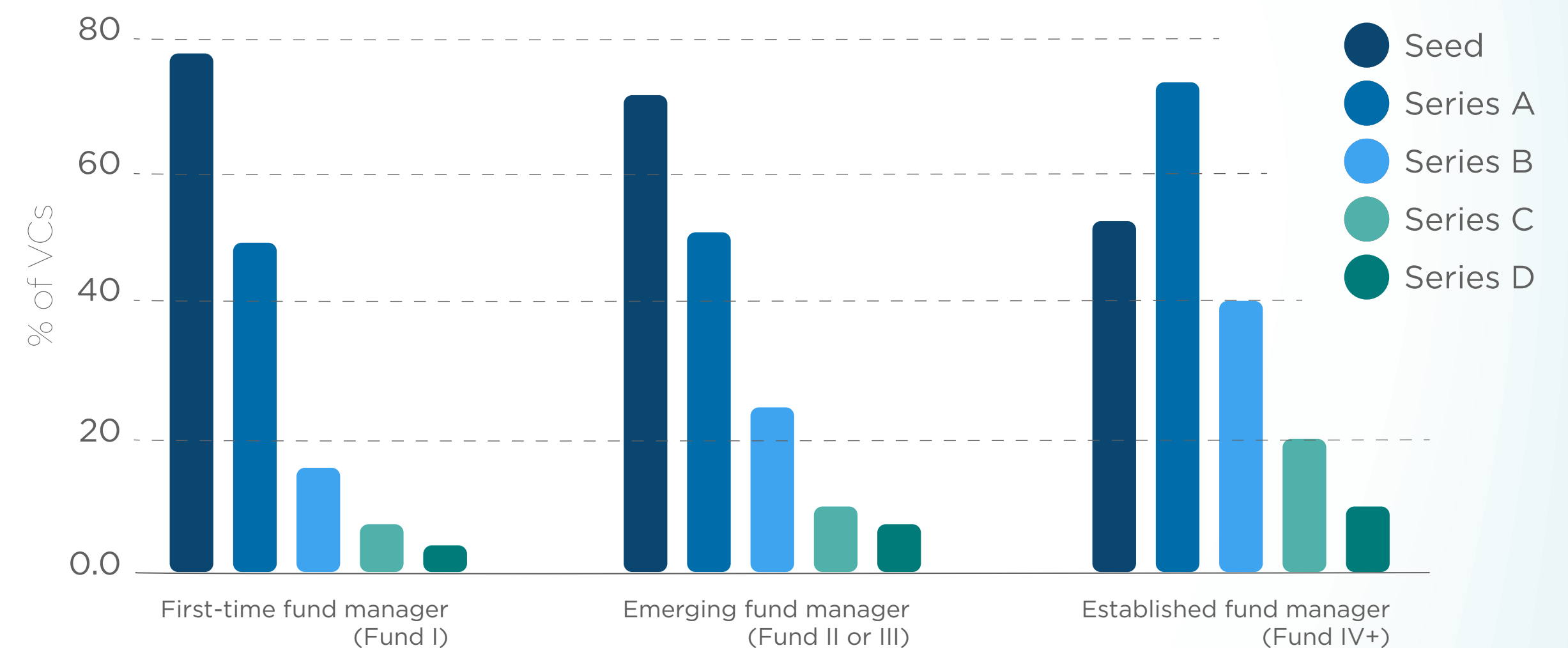
Fund sizes and preferred investment stages in Europe

CAPITAL MATURITY IN EUROPE:



Europe is mostly an **Early Stage investor**, with small funds, **under 25M€**

INVESTMENT STAGE



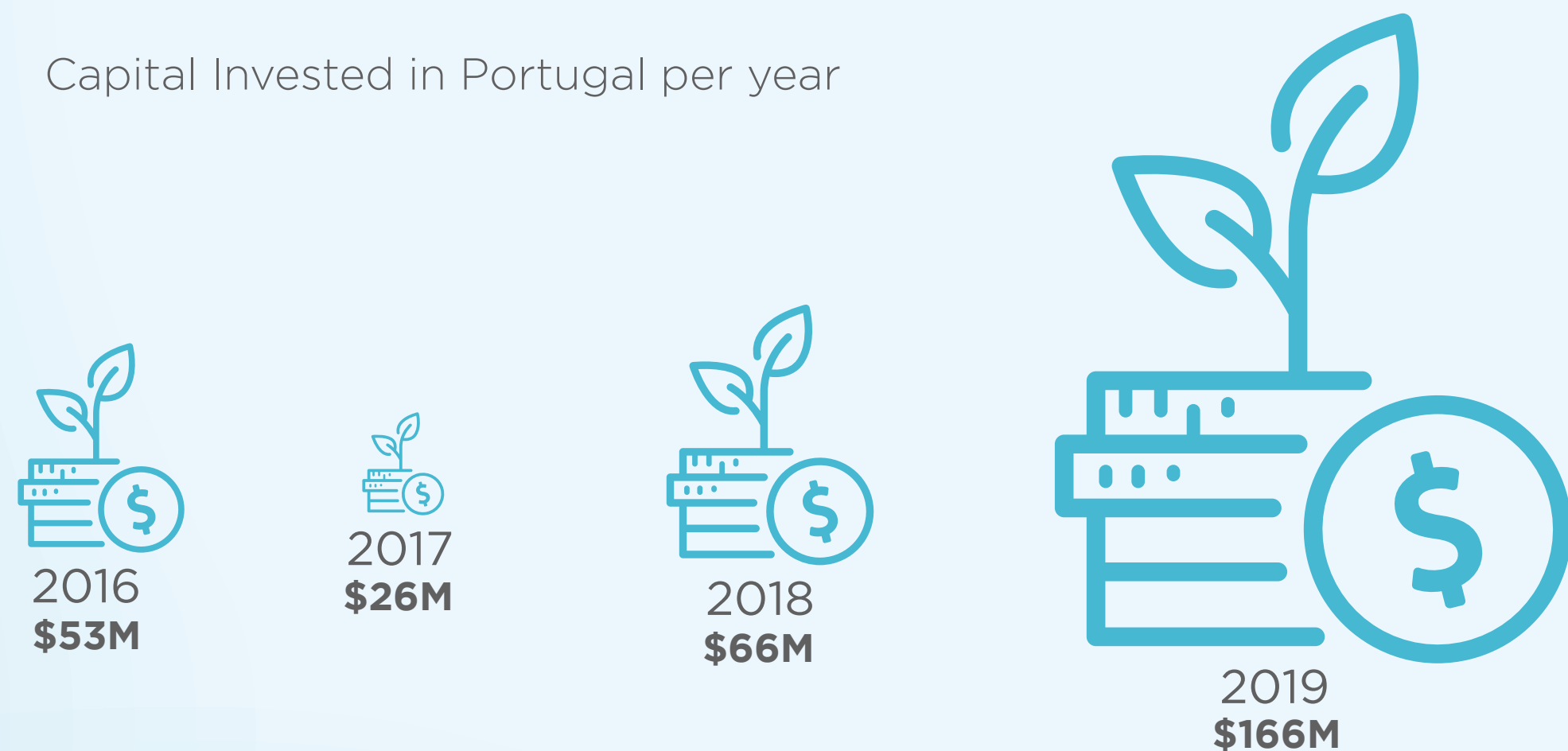
Rookie fund managers also tend to focus on **early stage**, and as they gain experience, tend to shift more into **Series A**, probably to **minimize risk**

Capital invested in Portugal: Evolution 2016-2019

Capital invested in startups in Portugal, although an elusive number and difficult to calculate, is:

- Commonly accepted to be -166m€ in 2019
- Showing a x2,5 (!) growth since 2018
- Leaving the country at #17 in the European ranking with 0,43% of the overall total ~38,5b€
- Cumulatively, Portugal ranks #23rd in terms of countries in Europe with more capital invested

Capital Invested in Portugal per year



Ranking 2019

1	United Kingdom	13 210
2	Germany	6 877
3	France	4 818
4	Sweden	3 030
5	Switzerland	1 662
6	Netherlands	1 520
7	Spain	1 457
8	Finland	982
9	Romania	772
10	Italy	576
11	Denmark	547
12	Ireland	541
13	Belgium	468
14	Norway	372
15	Poland	229
16	Lithuania	183
17	Portugal	166
18	Croatia	154
19	Luxembourg	150
20	Russia	146
21	Austria	134
22	Greece	121
23	Estonia	93
24	Cyprus	84
25	Hungary	77
26	Czech Republic	35
27	Iceland	22
28	Malta	21
29	Latvia	21
30	Bulgaria	17

A look into capital registered in Portugal in 2019

Capital knows no borders, and is difficult to track; however, information about funds registered locally with the local regulator (CMVM) is publicly available and it is worth referring to.

- In 2019, the overall amount of assets under management grew 6,6% to 5,1b€.
- Here's the current landscape of the industry:

#52

FUND MANAGEMENT
companies, managing
135 funds

36m

average size of the
funds

11

FUNDS OVER 100M€
representing 54% of the total
amount under management

12,5%

OF THE TOTAL AMOUNT
under management is
in Funds below 20m€

#620

EQUITY SHARES
below 500k€ mostly
startups

454m

invested in Information
Technology

46m

The reported total amount
invested in 2019 in early stage

454m

The reported total amount
of exits in 2019 in early stage

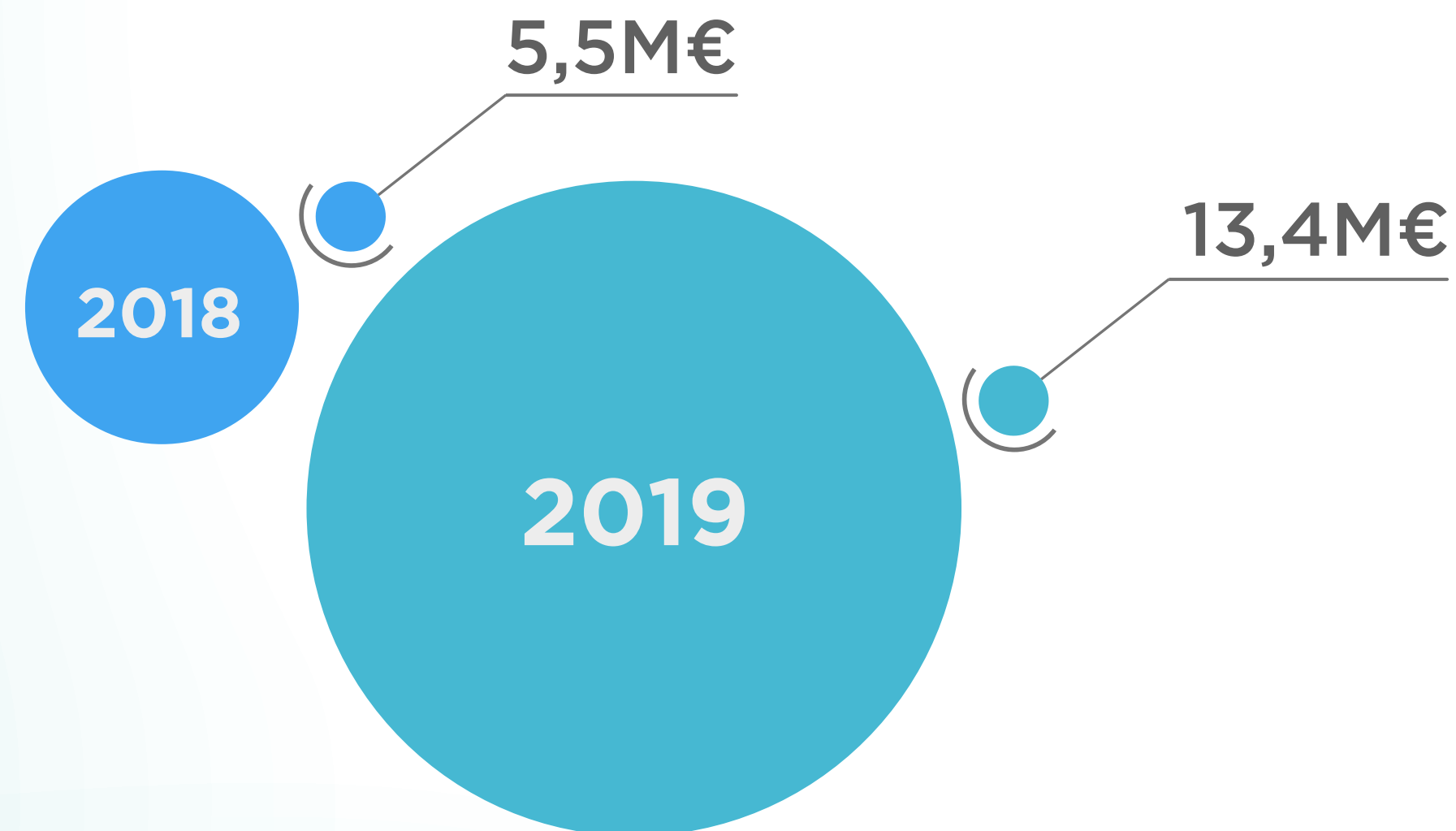
Not all local funds invest or divest in local startups.

A local investment of 46m€ in early stage would mean that local funds represent -28% of the total amount of the inflow of capital into early stage in 2019.

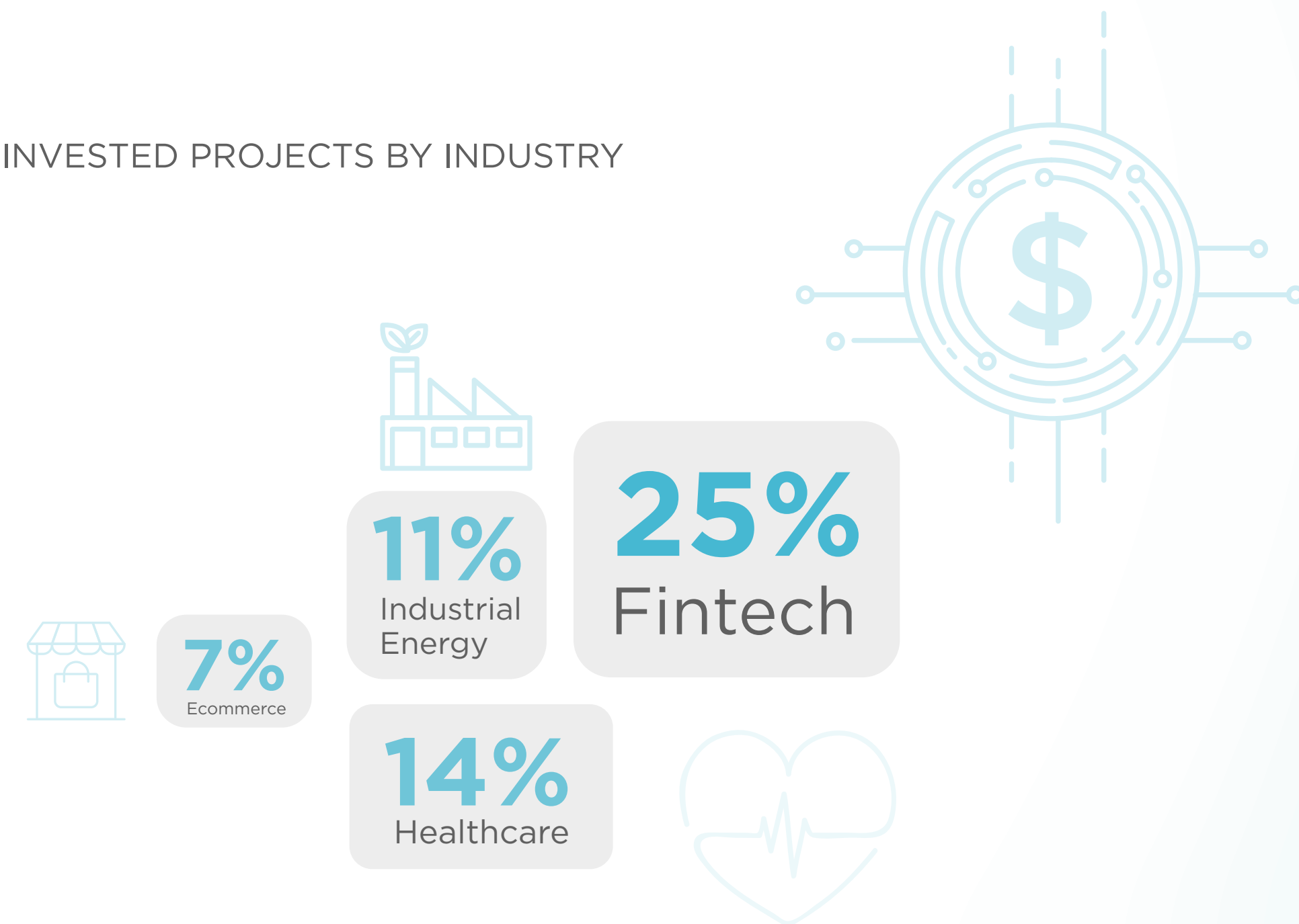
A view from the side of the business angels on early stage

A view from the Portuguese Association of Business Angels (APBA) annual 2019 survey of its associates, which focuses primarily on the early stage, shows a ~x2,4 growth in the invested amount from 2018 to 2019, with Fintech, Healthcare and Industrial/Energy as the preferred industries.

INVESTMENT 2018/2019



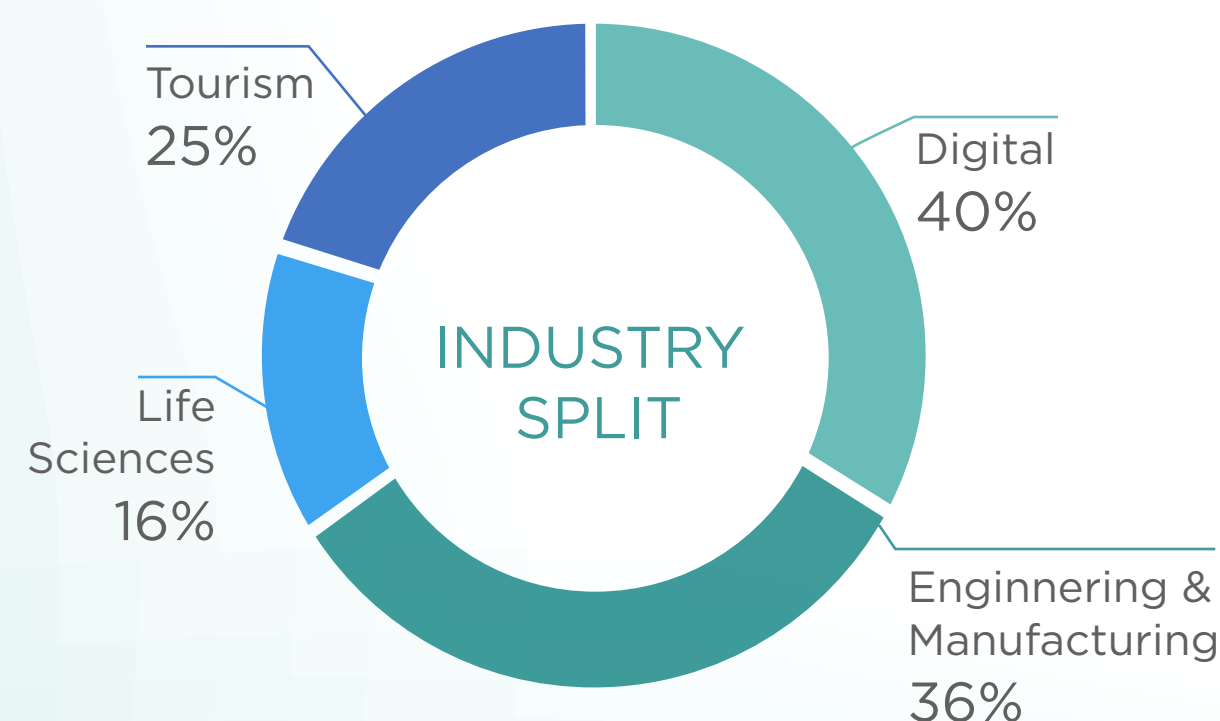
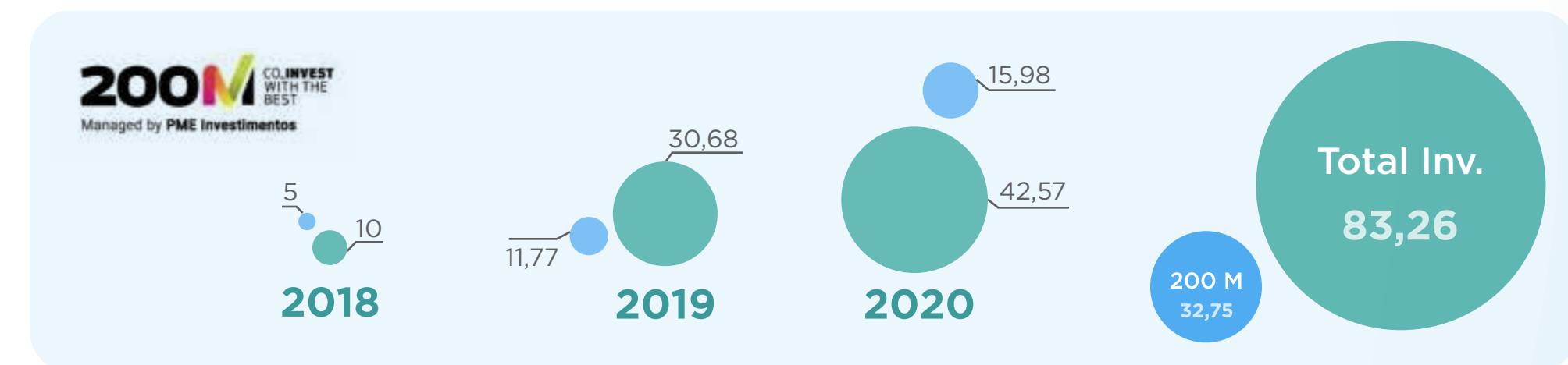
INVESTED PROJECTS BY INDUSTRY



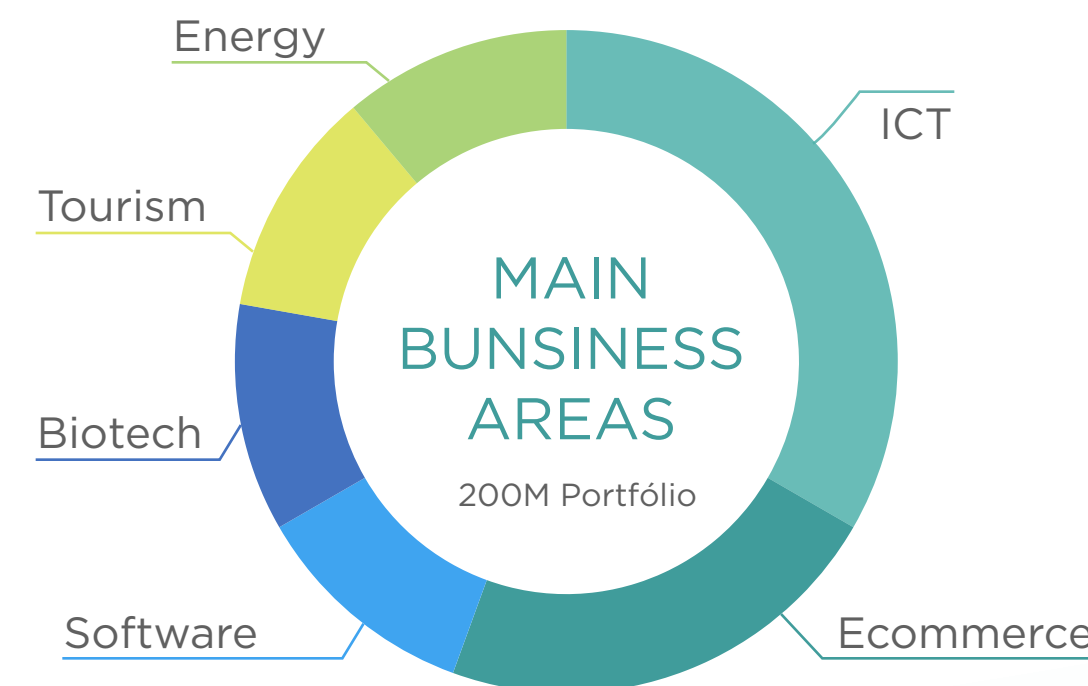
The role of public capital in Portugal

PORTUGAL'S 2 MAIN INSTRUMENTS OF PUBLIC CAPITAL, PORTUGAL VENTURES AND 200M HAVE HAD A KEY ROLE IN THE LOCAL ECOSYSTEM.

- Portugal Ventures playing the very early stage and leveraging ignition since 2012;
- 200m, a co-investment fund which has leveraged x2,5+ its capital, attracting foreign investors and providing mezzanine or early growth capital to high potential startups.



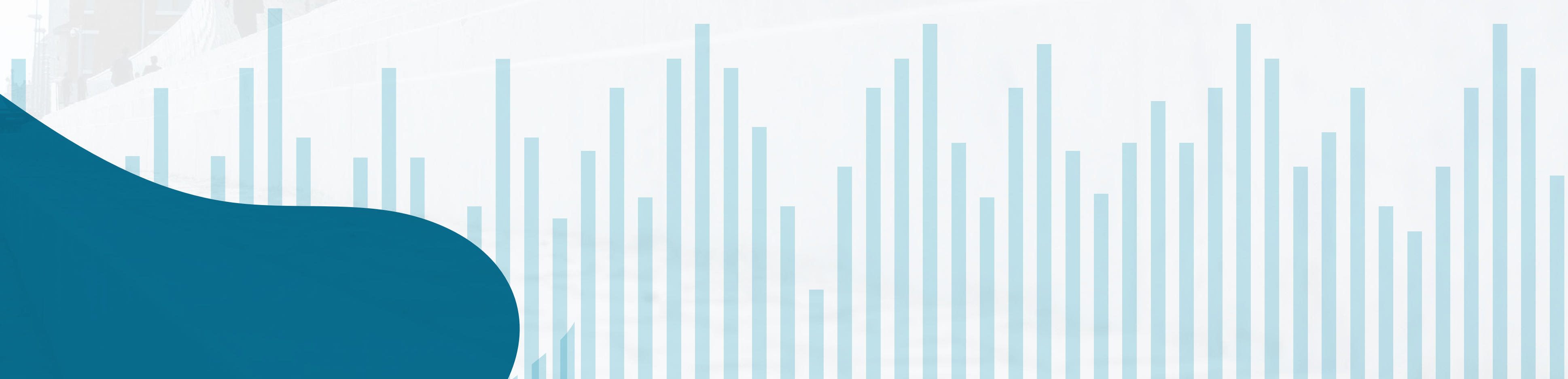
Interesting to note that **Digital/ICT represent the majority of the targets in both funds**, though the rest of the sectors not always match.



2020 Report shows **17,7 M€ invested in +59 startups**, and in 2021 12 investments had already been concluded with another 47 ongoing.



KPIs at a Glance



166M IN 2019,
GREW 150%

From 2018

RANK:
#17 IN EUROPE
ON INVESTED
CAPITAL

Dealroom

17,7M INVESTED BY PUBLIC
CAPITAL IN +59 STARTUPS

Portugal Ventures 2020

RANK:
#39 / 190 ON EASE
OF DOING BUSINESS

The World Bank 2019

RANK:
#1 / 190 ON “TRADING
ACROSS BORDERS”

The World Bank 2019

2nd MOST OPEN COUNTRY FOR
“FOREIGN DIRECT INVESTMENT”

OECD, FDI restrictiveness index 2019

4 UNICORNS

2159 STARTUPS 2020

13% ABOVE THE AVERAGE
Nº OF STARTUPS PER
CAPITA IN EUROPE

RANK:
#12 FOR LISBON IN THE
TOP 100 EMERGING
ECOSYSTEMS

Startup Genome
2020



158 INCUBATORS
2576 ROOMS

Grew 31% (2016-2019)
RNI, 2019

1st IN
QUALITY
OF LIFE

Internations
Expat 2019

RANK: **#21 / 141**
IN INFRASTRUCTURES

The Global Competitiveness
Report 2019

RANK:
#12 / EU28
IN CONNECTIVITY

DESI 2020

3rd MOST
PEACEFUL
COUNTRY

Global Peace
Index 2020

RANK:
#26 / 63 IMD
WORLD TALENT
RANKING

IMD 2020

RANK: **#7 / 88**
ENGLISH
PROFICIENCY
INDEX

EF 2020

1,4% OF GDP IN
EXPENDITURE ON R&D
IN 2019

DGEEC

2 BUSINESS SCHOOLS
RANKING ON THE TOP 25 BEST
FULL-TIME MBAS IN EUROPE

The Financial Times

RANK: **28 / 132**
GLOBAL TALENT
COMPETITIVENESS

Insead, Adecco, Google, 2020

28% OF GRADUATES
IN S&T AREAS

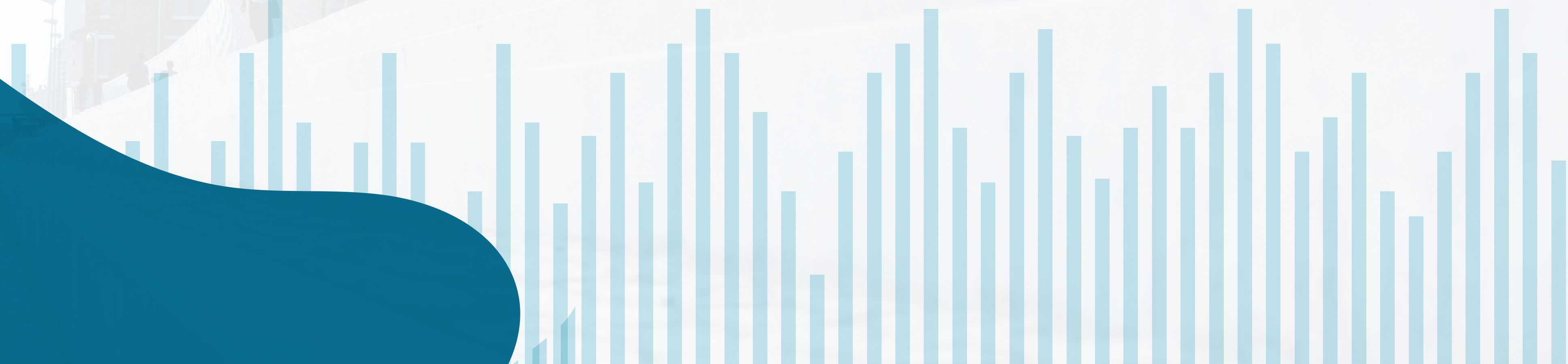
INE, 2020 (Sciences, ICT, Engineering)

91% OF THE
STARTUPS' FOUNDERS
HAVE A UNIVERSITY
DEGREE

EU Startup Monitor, 2018



How do we compare to Spain, Israel and Singapore?



How do we compare to Spain, Israel and Singapore?

Enablers



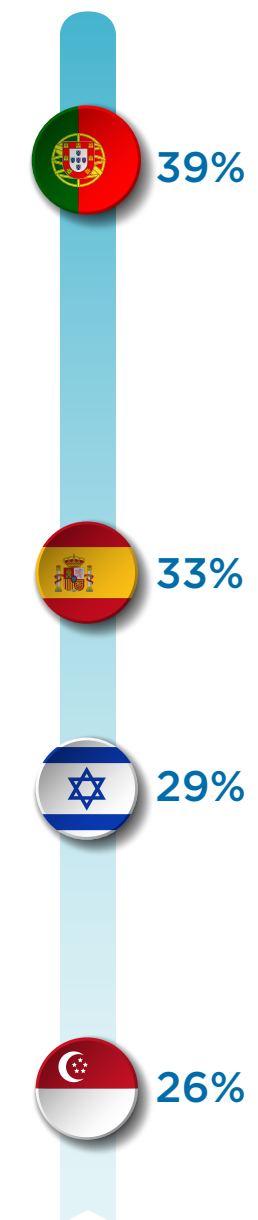
GLOBAL PEACE INDEX 2020
Institute for Economics & Peace



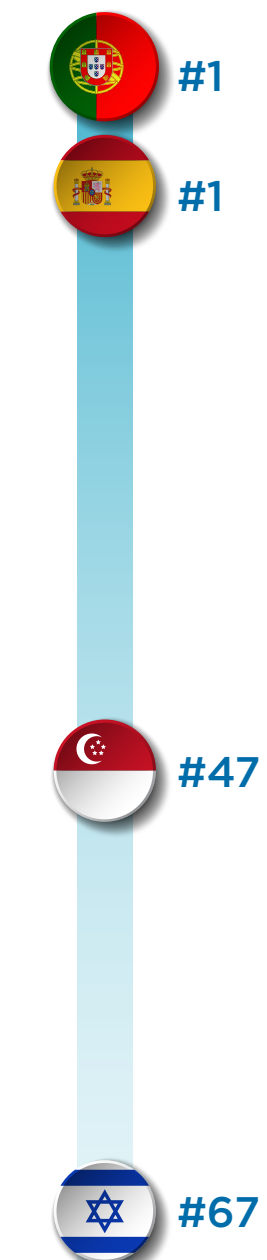
QUALITY OF LIFE
InterNations Expat Insider 2019



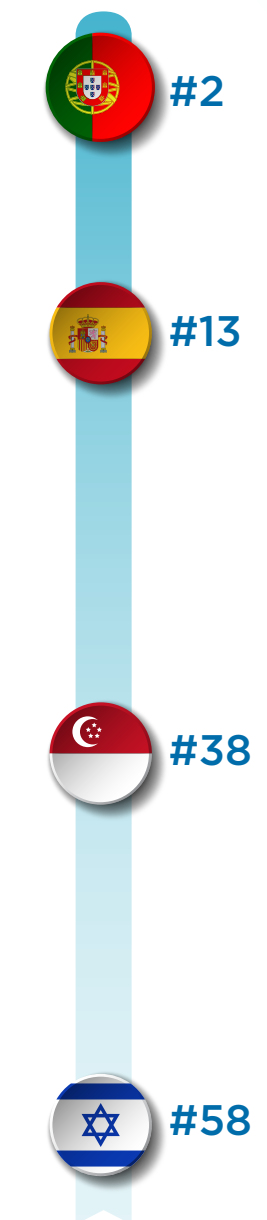
INFRASTRUCTURE
WEF, The Global Competitiveness Index 2019



FIXED ROADBAND SUBSCRIPTIONS (PER 100 PEOPLE)
World Bank 2019



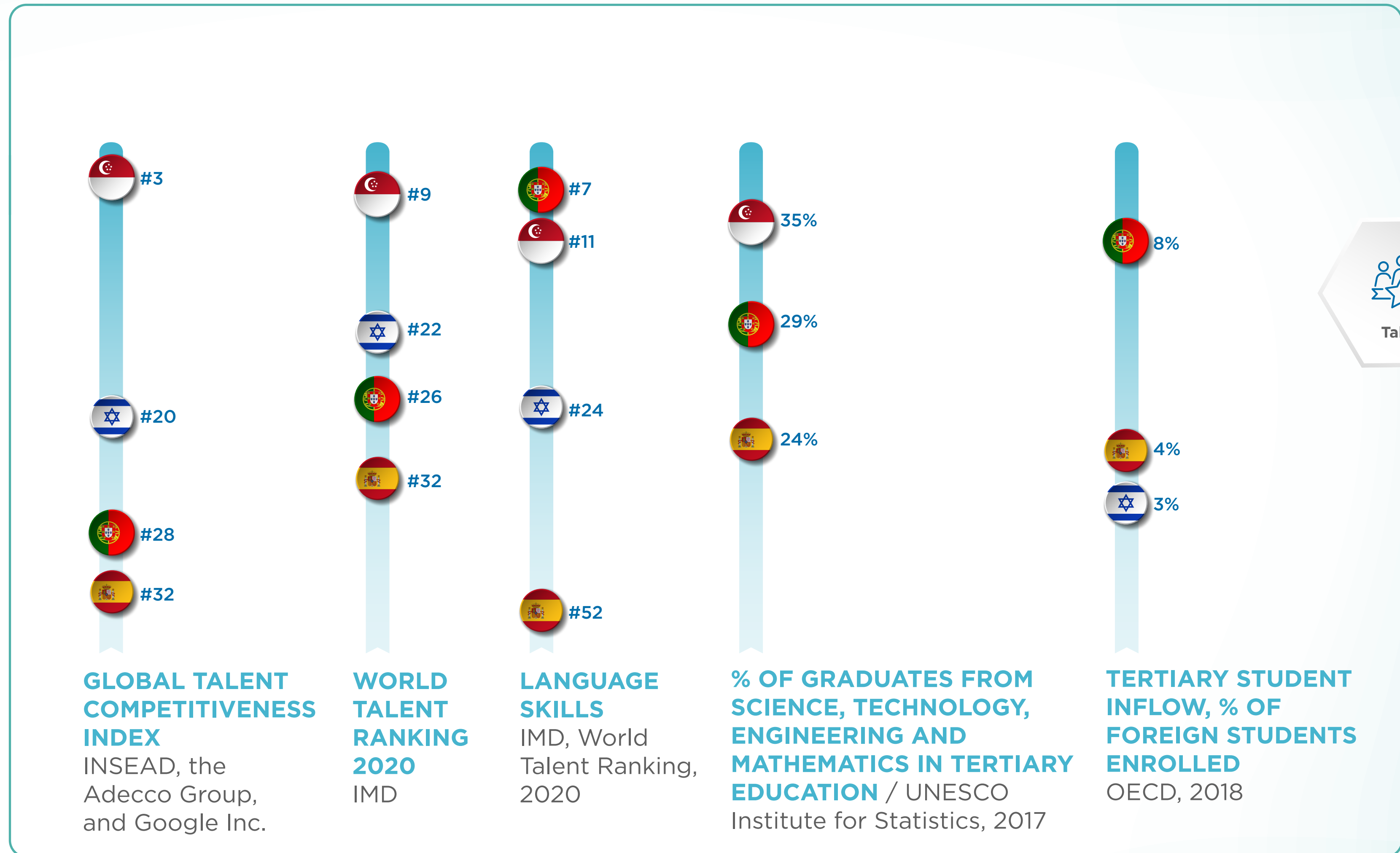
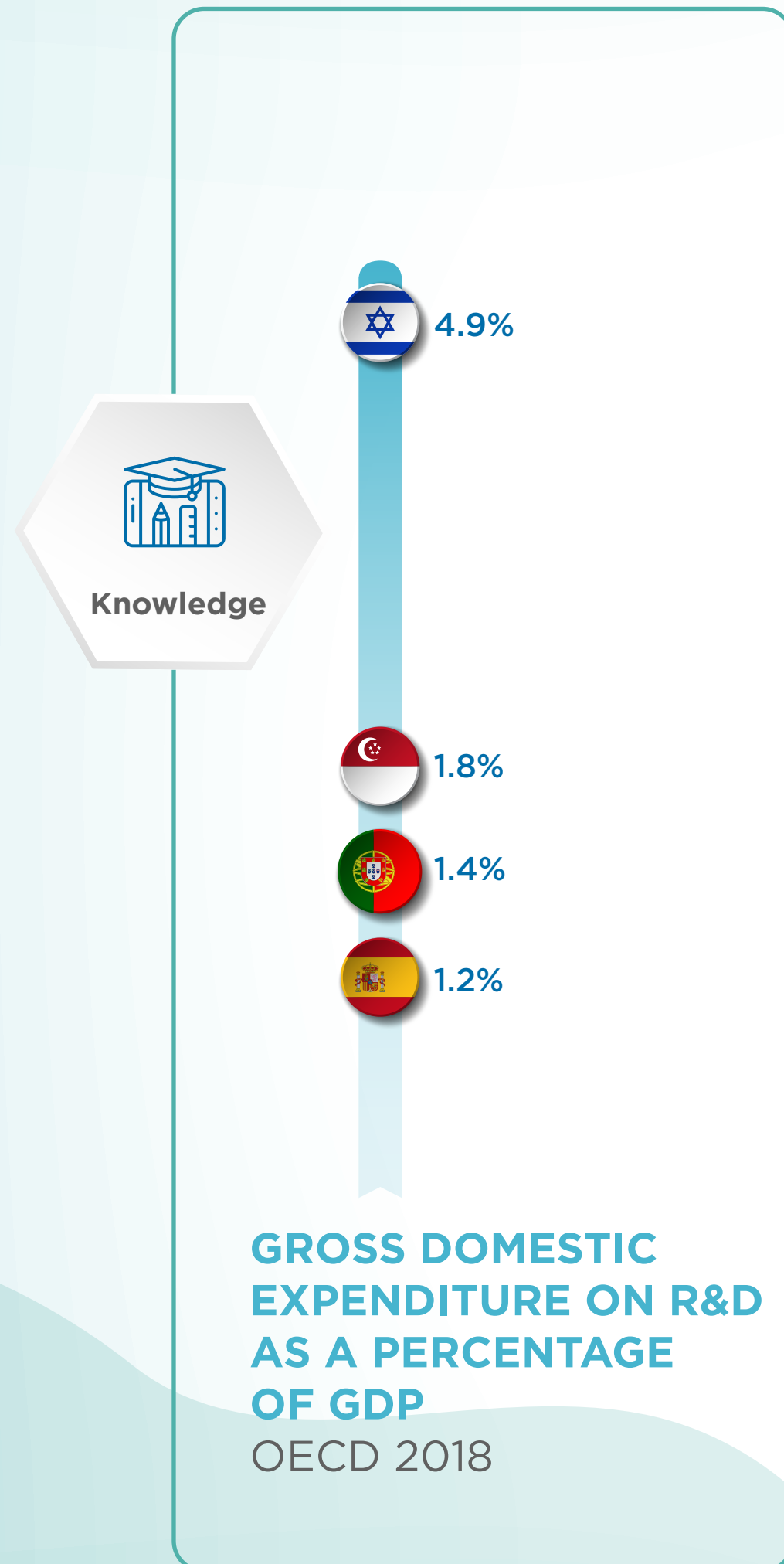
TRADING ACROSS BORDERS
The World Bank



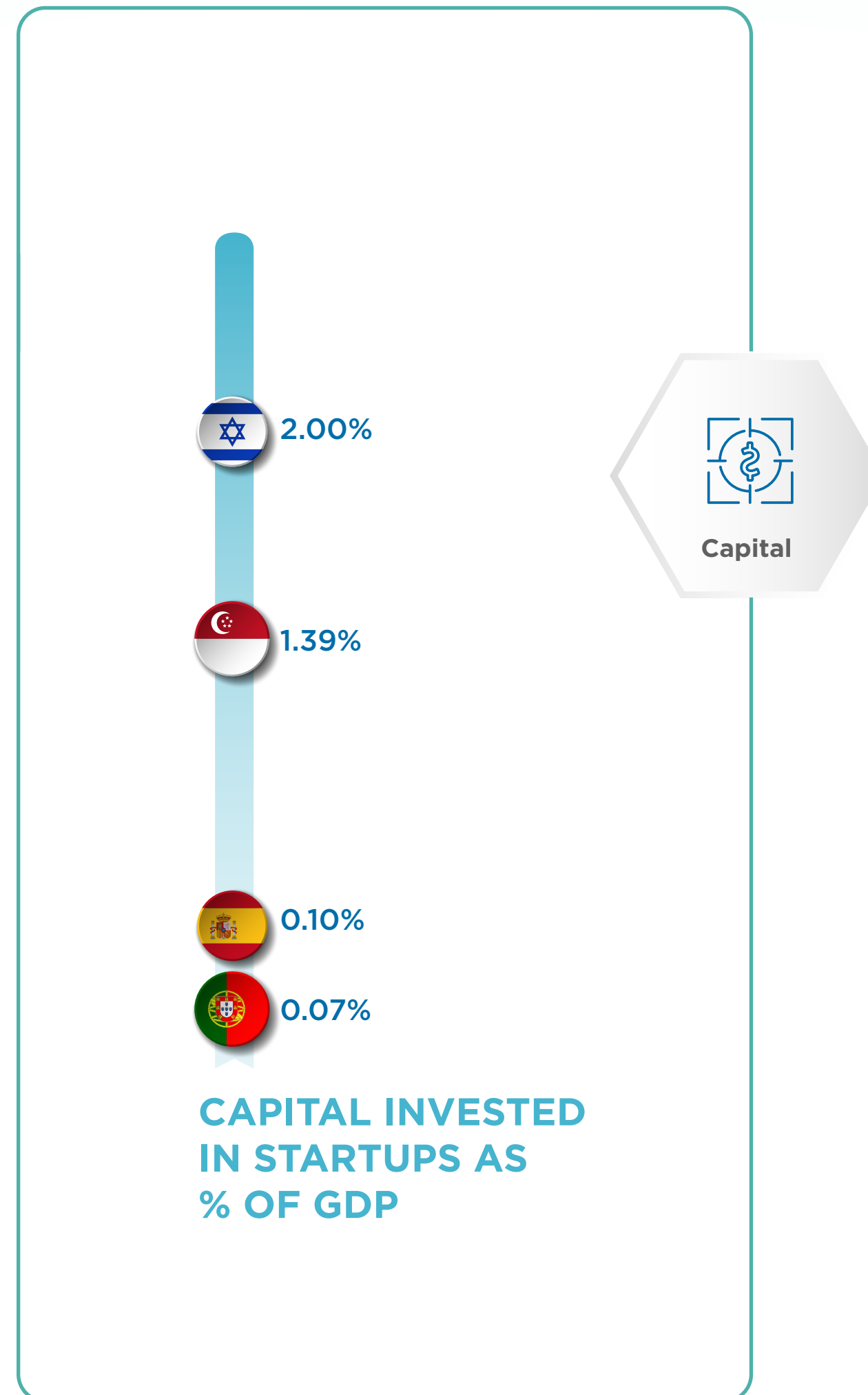
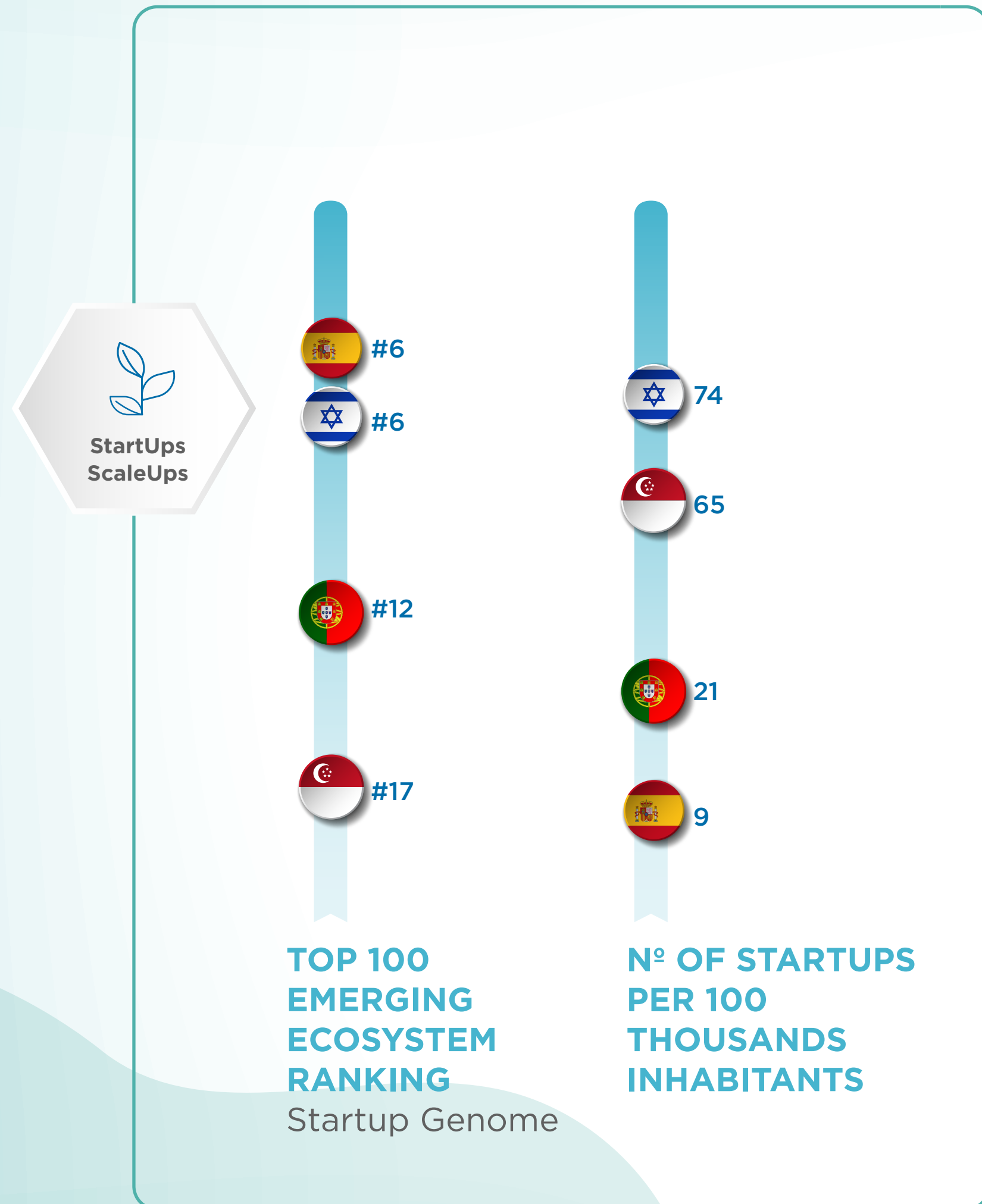
OPENNESS TO FDI
OECD, FDI Regulatory Restrictiveness Index, 2019

Policy, Regulation & Incentives

How do we compare to Spain, Israel and Singapore?



How do we compare to Spain, Israel and Singapore?



Powered by

axians

Google

 Google Cloud

 HUAWEI

 mastercard.

NOS

VDA

SAP®

Contributor

BBVA

claranet

enter
Ready to StartUp

FIDELIDADE
SEGUROS DESDE 1808

 Hewlett Packard
Enterprise

INCM
PORTUGUESE MINT AND OFFICIAL PRINTING OFFICE

MIND
OVER
DATA

 Santander

 zertive
CONSULTING



Scope and Methodology

The purpose of this study is to provide a comprehensive and in-depth view of the Portuguese startup and entrepreneurial ecosystem. It provides a detailed view of where we are today, who are the major players, what are the key KPI, how Portugal compares with other nations. It is also the voice of entrepreneurs that chose Portugal as the best place to start-up.

In addition to the number of startups and information about policies, regulation, public incentives, capital, talent, corporations, and key enablers of the ecosystem, this report analyzes key emerging trends, challenges, opportunities, and what is next for the Portuguese ecosystem.

This report was developed based on existing IDC research, public data, a survey carried out among more than one hundred startups founders, and more than 30 in-depth interviews with key ecosystem's stakeholders.

Research Director • Gabriel Coimbra, Group VP & Country Manager, IDC

Project Manager • Pedro Cerdeira, Senior Advisor, IDC Portugal

Consulting Manager • Vanda Soeiro, Consulting Manager, IDC Portugal

Design • Mariana Antunes, Designer, IDC Portugal

Due to the dynamics of the ecosystem, this **report is constantly being updated.**

[Download](#) the latest version here!



Thank You!

