

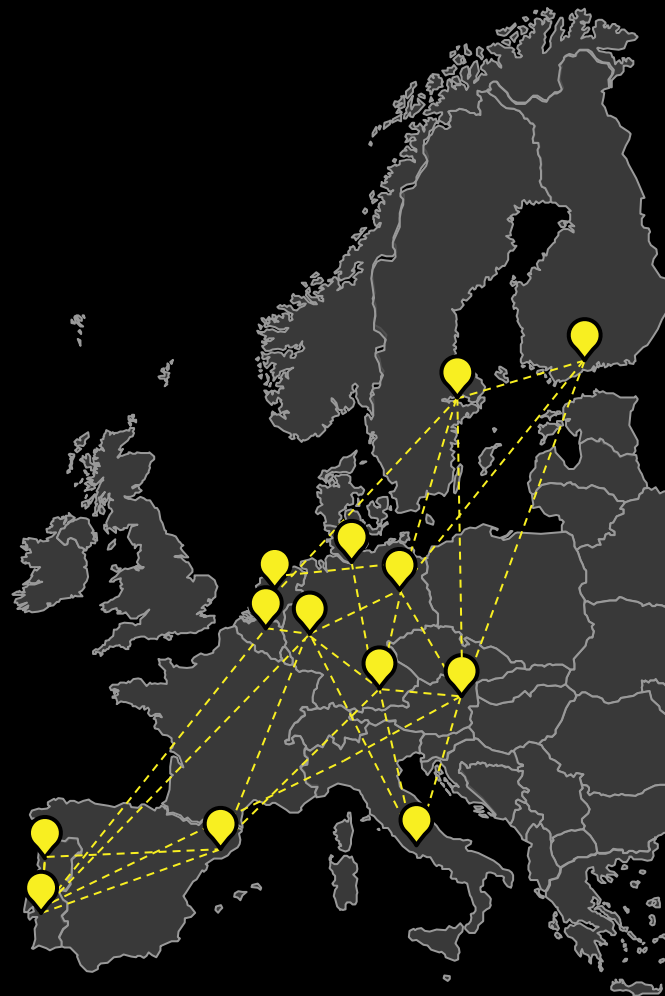
SCALE



dealroom.co

Creating Europe's most connected tech hubs.

February 2021





SCALE_CITIES



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We are excited to finally launch this unique collaboration between Dealroom and the Startup City Alliance Europe (SCALE). With this innovative platform we hope to improve the availability and efficiency of data amongst our startup cities, by using the map to identify direct comparisons and further explore and unleash the potentials of our neighbours on the continent.

Alliance Members:

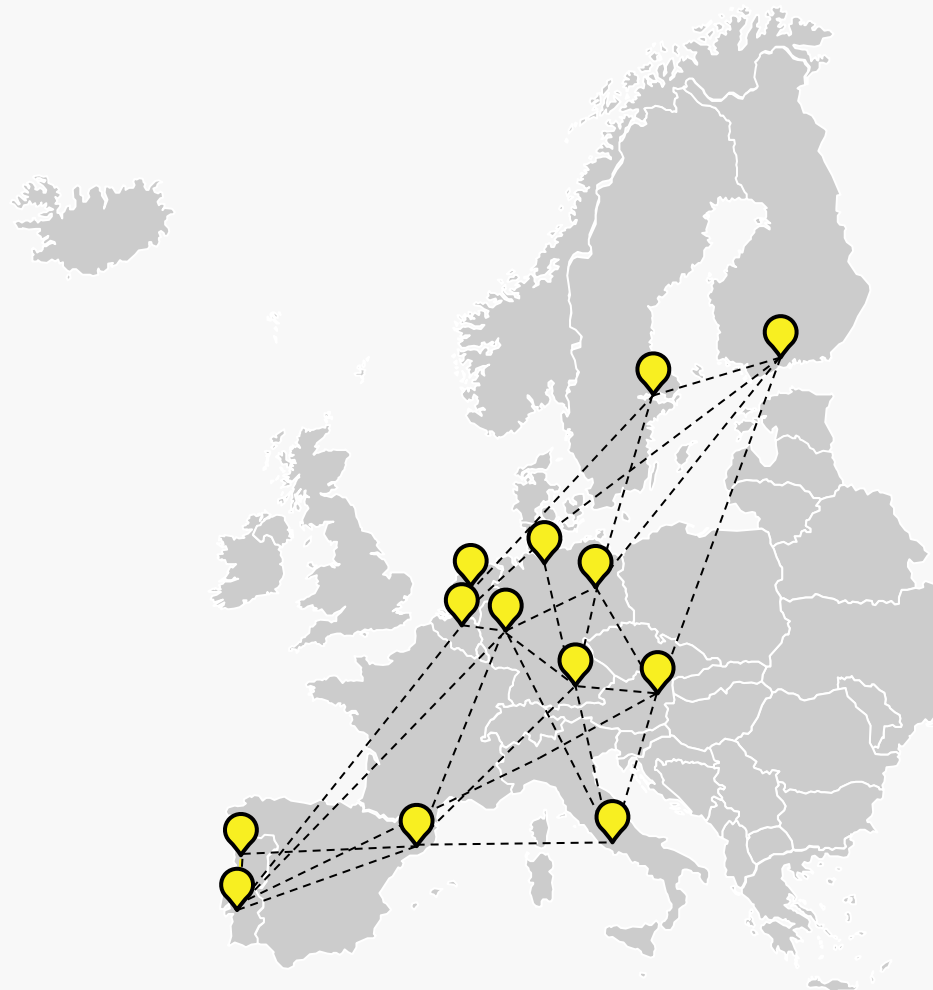


Introducing Scale Cities.

SCALE (Startup Cities Alliance Europe) is a collaborative force of European cities, represented by their public ecosystem builders, who work together to facilitate, strengthen and connect the European startup ecosystem for entrepreneurs. By sharing their networks ('peers') and learnings ('experiences, insights and best practices') and providing trustworthy and unbiased content, the SCALE platform gives you access to a hub of up to date information and opportunities in acceleration, incubation, soft landing programs and funding calls, in order to help you discover new markets.

As civil servants and public officials, these teams:

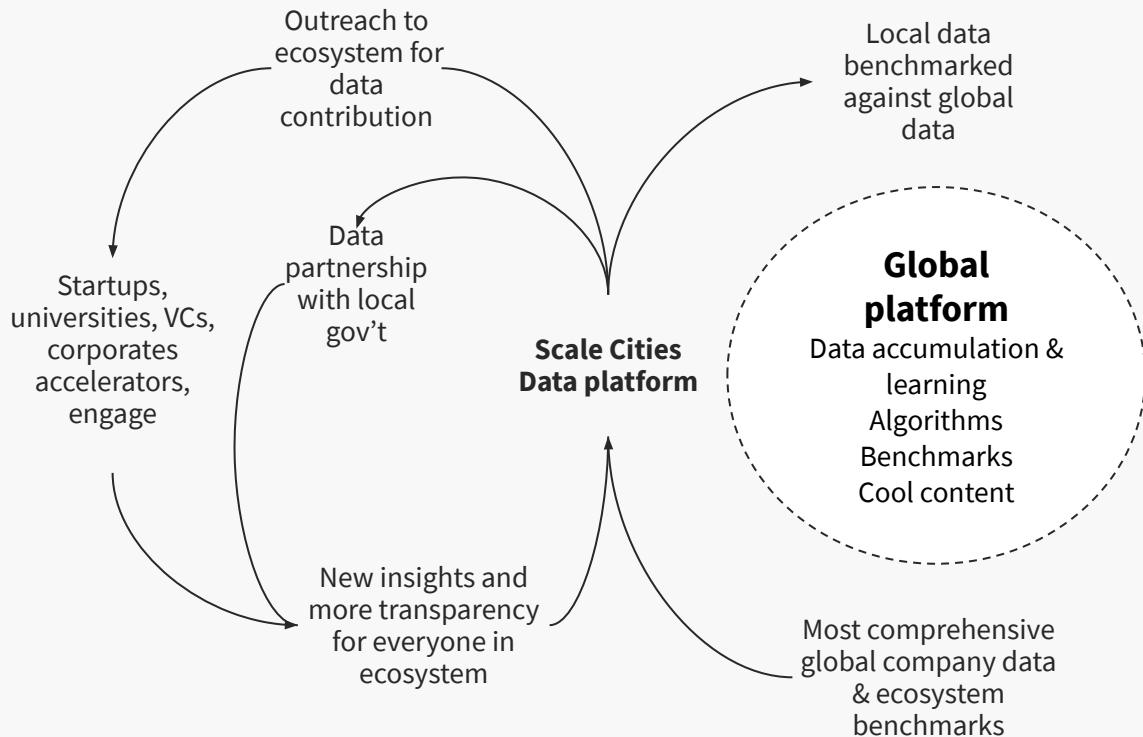
- are directly responsible for startup and tech success
- are committed to strengthening the local ecosystem
- have a strong link to the local government.



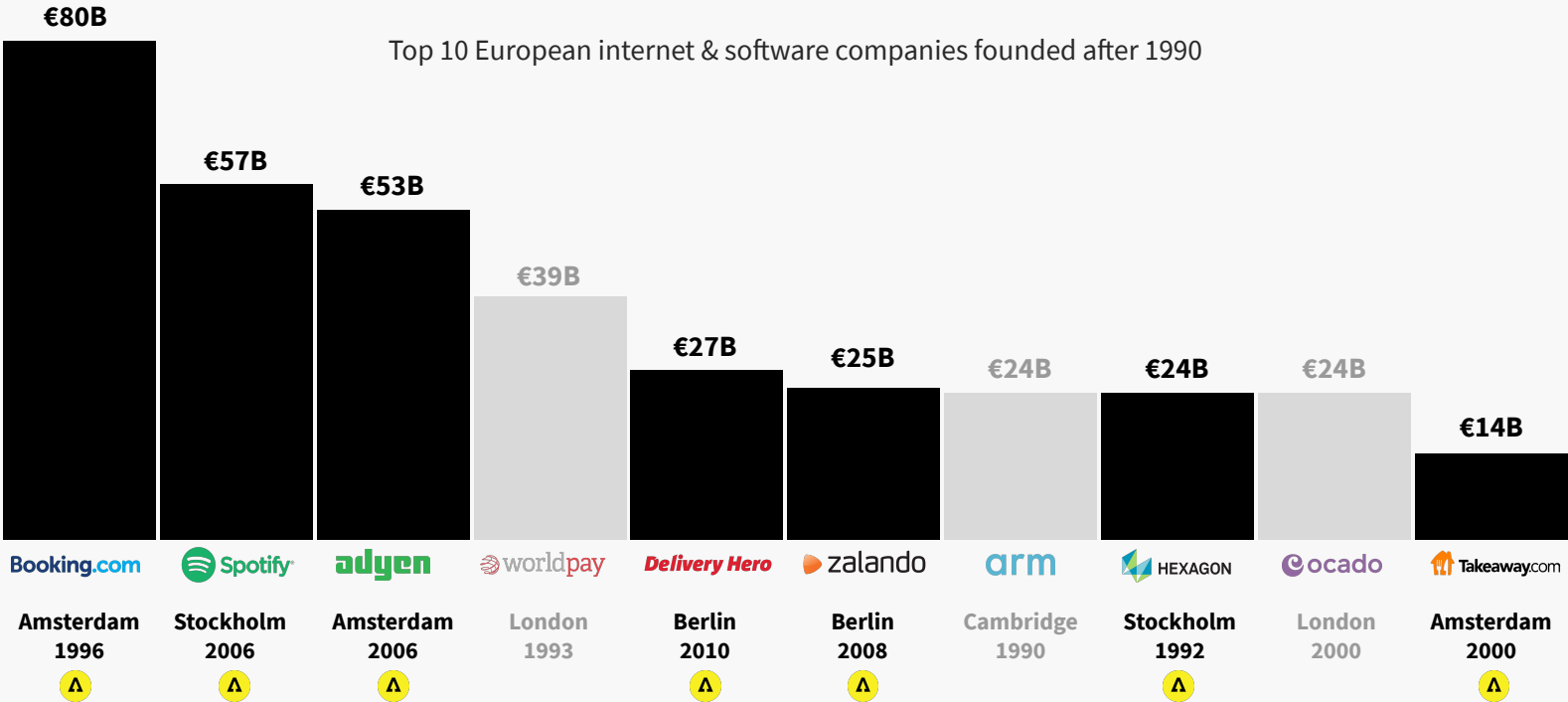
The purpose of Scale Cities

- ✓ Make scaling across Europe as easy as possible for startups
- ✓ Connect the ecosystems as tightly as possible
- ✓ Provide reliable and relevant information
- ✓ Facilitate softer landings
- ✓ Identify and share best-practices around building startup ecosystems
- ✓ Work together as governments to devise the best startup strategies

The power of data transparency: unlocking network effects & better decision-making.

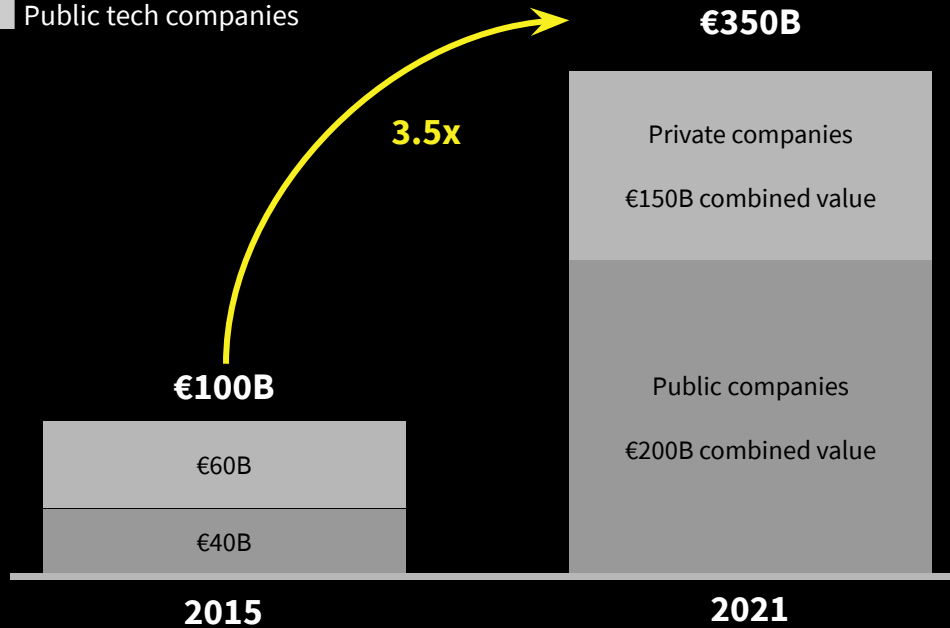


Seven out of Europe's top 10 most valuable internet & software companies are based in Scale Cities.



Startups founded in the Scale Cities since 2000 have a total enterprise value⁽¹⁾ of €350B.

- Private tech companies
- Public tech companies



Top 5 public companies: €176B

adyen

Spotify®

Delivery Hero

zalando

Takeaway.com

Top 5 private companies: €21B

Klarna.

N26

northvolt®

MessageBird

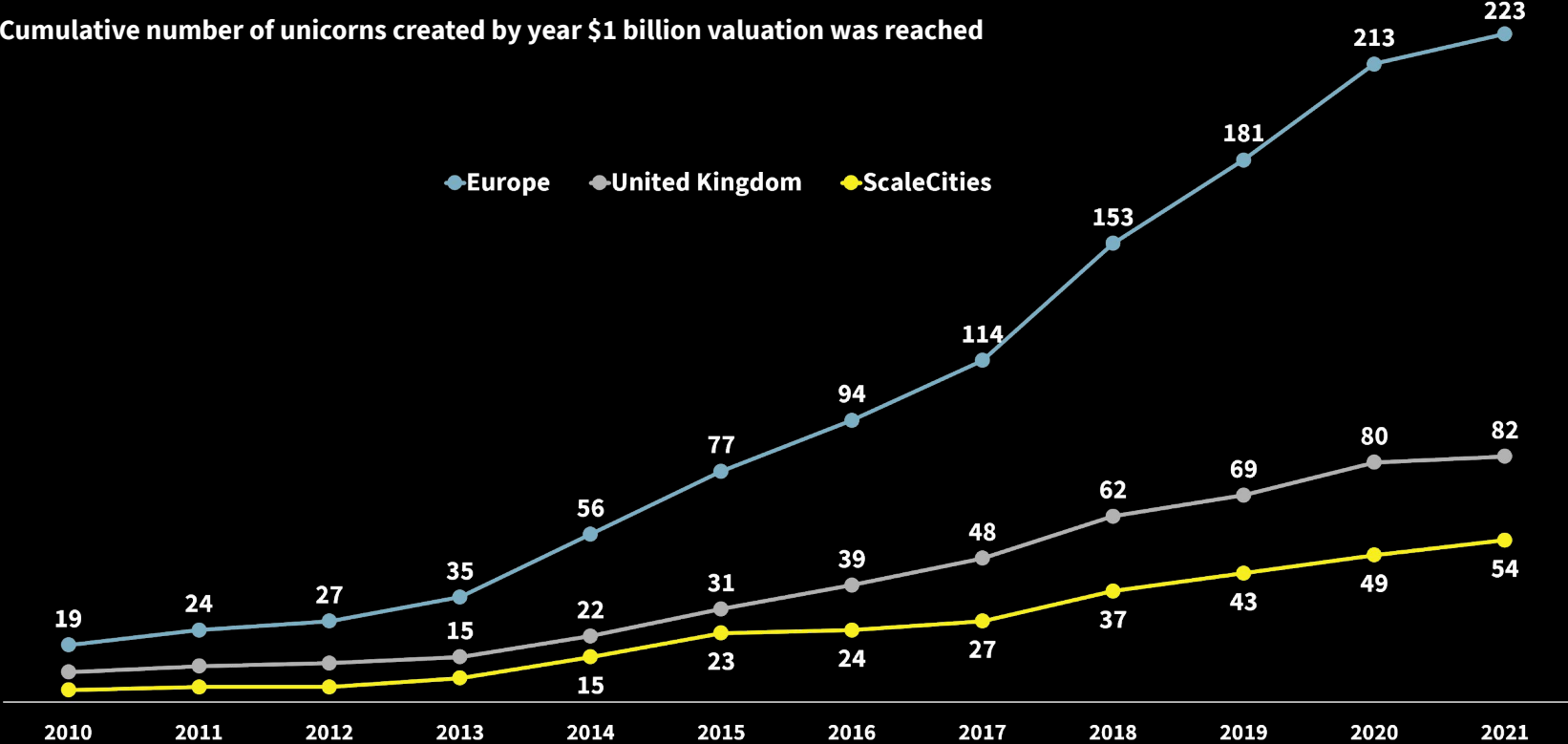
celonis

1. Estimated valuations based on most recent VC rounds, public markets and publicly disclosed valuations as of February 17th, 2021.

Source: Dealroom.co
ecosystem.scalecities.com

54 unicorns are headquartered in Scale Cities.

Cumulative number of unicorns created by year \$1 billion valuation was reached



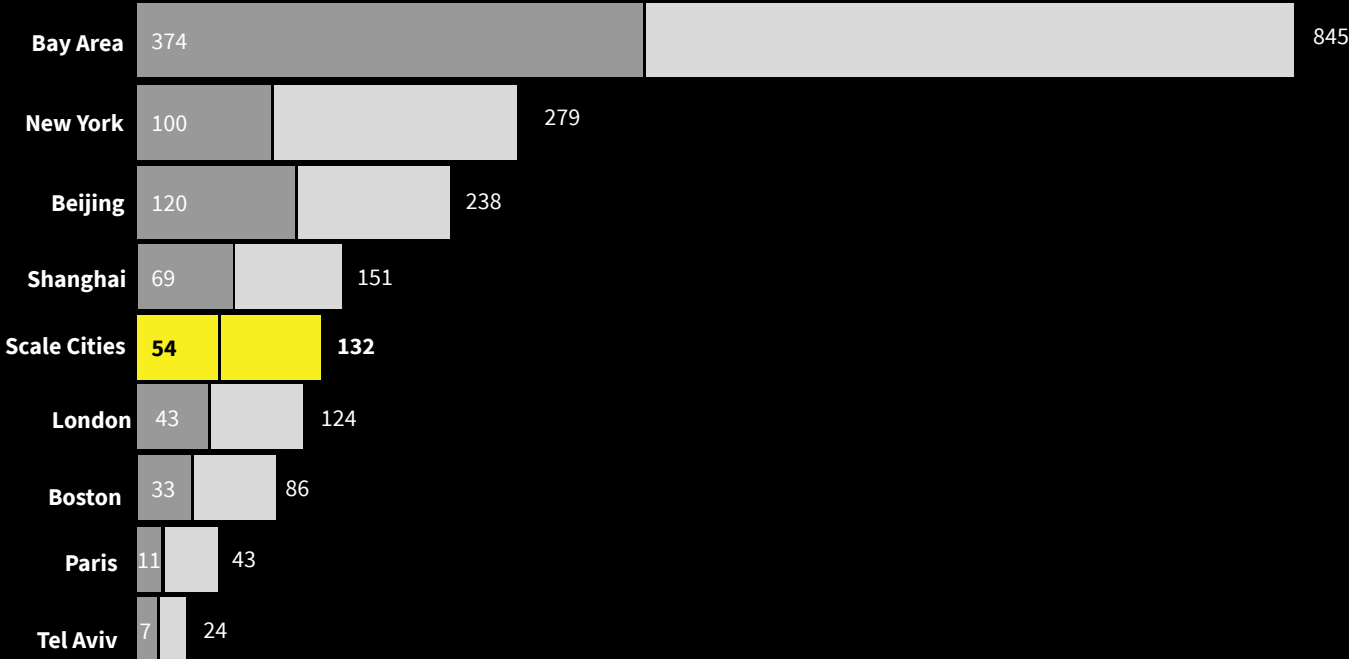
**What if cities join forces and
barriers can be removed?**



Scale Cities combined represent a globally leading tech hub.

Number of unicorns + future unicorns by city/area

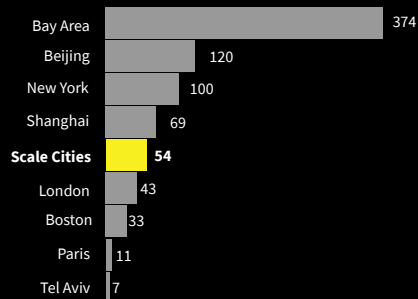
■ \$1B+ companies founded after 1990 ■ Future unicorns ⁽¹⁾



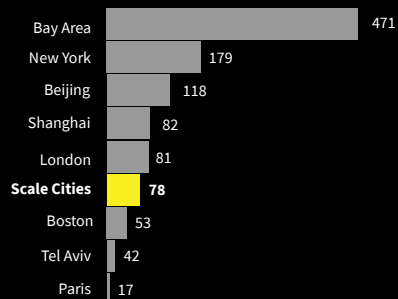
1. Companies valued over €200 million but less than €800 million.
 Source: Dealroom.co
 Ecosystem.scalecities.com

By most metrics, Scale Cities ranks as a top 5–10 ecosystem.

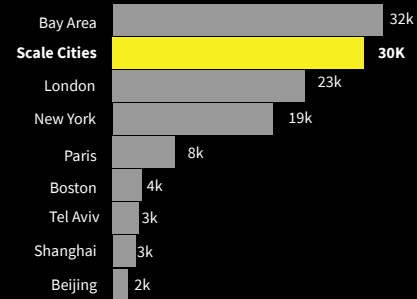
\$1B+ companies



Future unicorns⁽¹⁾



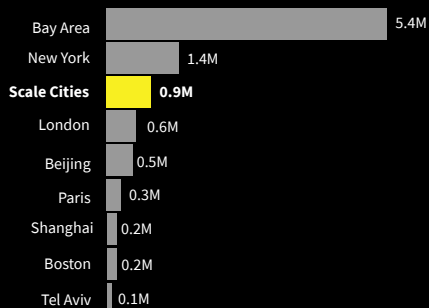
Number of startups



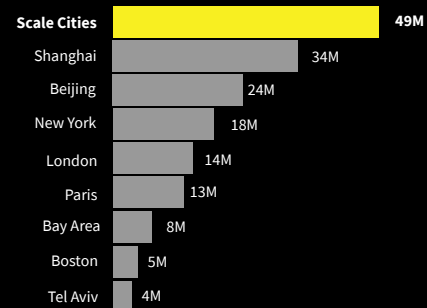
Investment 2016-2020



Startup global employees



Metro area population



1. Companies valued over €200 million but less than €800 million.
Source: Dealroom.co
Ecosystem.scalecities.com

Startups, scaleups & grownups* contribute roughly 2.7M jobs in Europe, of which 425K jobs across Scale Cities.

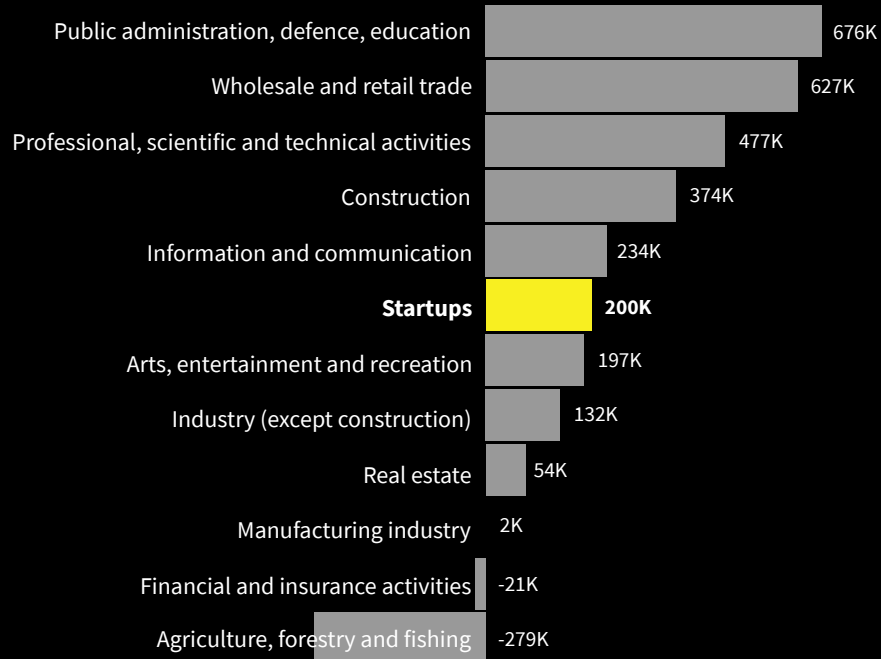
	Amsterdam	Berlin	Scale Cities	Europe
\$1B+ companies	13	16	54	223
x Average team size	630	750	650-750	650-750
= Employees	9K	12K	40K	0.2M
Scaleups	316	465	2K	13K
x Average team size	110	107	100-110	100-110
= Employees	15K	42K	210K	1.4M
Number of startups	2.6K	3.1K	14K	92K
x Average team size	11	14	10-15	10-15
= Employees	19K	24K	175K	1.1M



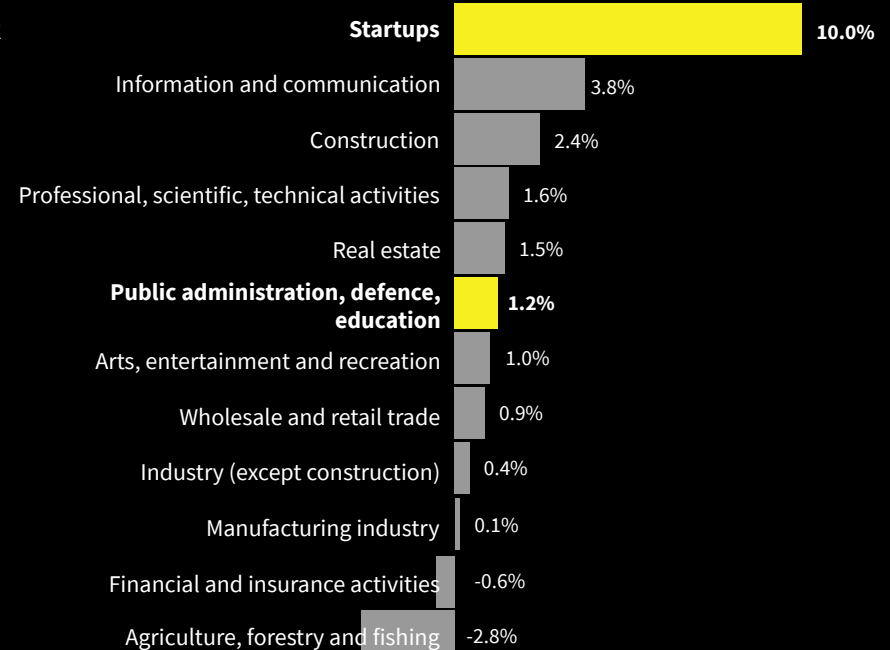
* Founded since 1990. Jobs in Scale Cities and Europe estimated from the research conducted in Amsterdam and Berlin in 2020.

Source: Dealroom.co
Ecosystem.scalecities.com

Startups have become a significant contributor of new jobs



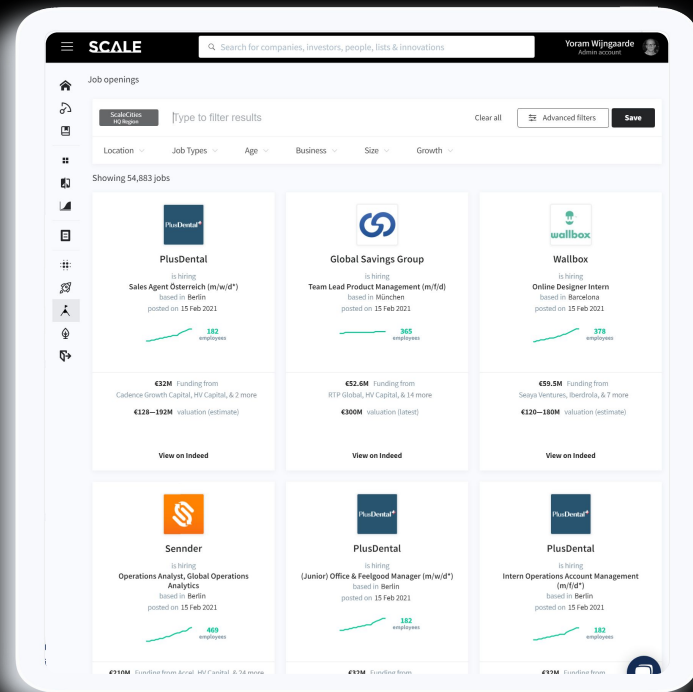
... and are by far the fastest and most resilient growing job engine



Tech companies are scaling across Europe; cities need to scale with them.











Explore job openings at thousands of startups based in Scale Cities



50K+ Startup jobs

Identifying best-practices for ecosystem support, across Europe.

	 EU	 France	 Germany	 Netherlands	 Sweden	 UK	 Israel	 USA
Fund of Funds	European Investment Fund (EIF) €12B	Bpifrance €6.5B	KfW Capital €0.5B ERP /EIF VC FoF: €2.7B	RVO : Seed Capital €20M (2021)	Saminvest \$0.5B	British Business Bank (BBB) / BPC £2.5B	No	No
Grants	Horizon Europe €100B	Bpifrance : French Tech Grants, BPI Création €1.3B (2020)	Federal Ministry for Economic Affairs (BMWi) : EXIST and ZIM Grants €0.6B (2019)	RVO : VFF €8.75M (2021) NWO : Take-off scheme	Vinnova \$0.3B (yearly)	UKRI : Innovate UK	Israel Innovation Authority (IIA) \$0.5B (yearly) + \$265M in 2020	Small Business Administration (SBA) \$2.5B (yearly)
Equity co-investing	Commission : EICF (€4B, 2021-2027) European Investment Bank	Bpifrance €1.6B	HTGF : €325M ERP Coparion €225M ERP Dachfonds €270M	InvestNL €1.7B	Almi Invest \$0.2B	BBB Angel CoFund Future Fund	IIA institutional investment program \$565M	SBIC (part of SBA) \$5.5B yearly
Debt co-investing	EIB / InvestEU €2.1B	Bpifrance €1.3B	KfW Group (€2.4B 2020-30) ERP Start-up Loans	RVO Growth Facility Scheme		BBB Start Up Loans	SBA \$0.7B	SBIC \$5.5B yearly
R&D tax credits & incentives	N/A	CIR €6B (2021)	Forschungszulage €5.6B (2021-24)	WBSO : €1.3B (2020) InnovatieCredit (€60M, 2021)	Social security contribution reduction €0.2B (2018)	SME R&D relief £4.5B (2018)	IIA : R&D Fund, \$60M	R&E tax credit \$9.7B (2018)
Investor tax relief & fiscal incentives	N/A	PEA-PME, Tax deduction (Madelin bill)	INVEST VC Grant	No	Investeraravdrag program	EIS/SEIS 2019 £2bn	No	Section 1202, 1045 And 1244 - IRC

Employee ownership is key for reinforcing the entrepreneurial flywheel.

Startups are in a global arms race for tech talent. Ensuring the right employee ownership structures is not only crucial for near-term competition in talent acquisition, but also the long-term health of a tech ecosystem. Startups are founded and funded through the recycled talent and capital of rewarded employees, building critical momentum.

Index Ventures' Not Optional ranking compares stock option schemes across 20 European and four international countries.

Stock option “friendliness” is assessed on six criteria, including tax timing, rates and strike price treatment.

Amongst the SCALE Alliance, Portugal scores the highest, with some more mature ecosystems like Germany and the Netherlands lagging behind.

In much of Europe there remains significant potential for improvement.

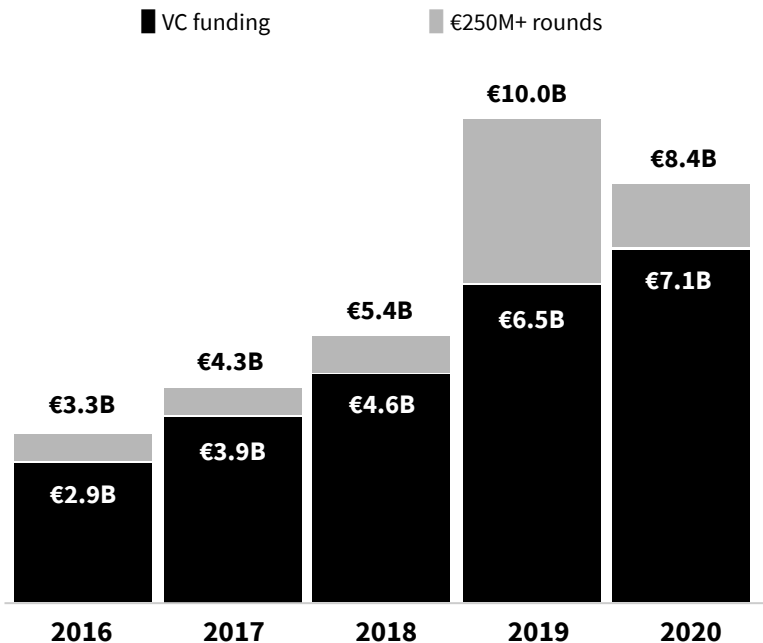
Not
Optional

Taken from
www.notoptional.eu

	Total Score	Plan scope	Strike price	Bureaucracy	Employee tax timing	Employee tax rate	Employer taxation
Latvia	30	5	5	5	5	5	5
Estonia	30	5	5	5	5	5	5
Lithuania	30	5	5	5	5	5	5
Israel	27	5	4	5	5	4	4
Canada	27	5	4	5	5	4	4
France	26	5	4	5	5	3	4
UK	25	3	5	3	4	5	5
Portugal	24	3	3	5	5	4	4
US	24	4	4	5	4	3	4
Poland	23	4	3	3	5	4	4
Italy	22	3	3	3	5	4	4
Sweden	21	2	3	3	5	4	4
Ireland	20	2	3	4	4	3	4
Australia	16	1	4	1	4	3	3
Denmark	15	1	2	3	3	2	4
Netherlands	15	1	3	3	3	2	3
Switzerland	14	1	3	3	3	1	3
Norway	14	2	3	3	3	2	1
Czechia	14	1	4	2	5	1	1
Finland	13	1	2	3	3	2	2
Austria	13	1	2	3	4	2	1
Spain	11	1	2	2	4	1	1
Germany	10	1	1	2	3	1	2
Belgium	10	1	2	1	1	1	4

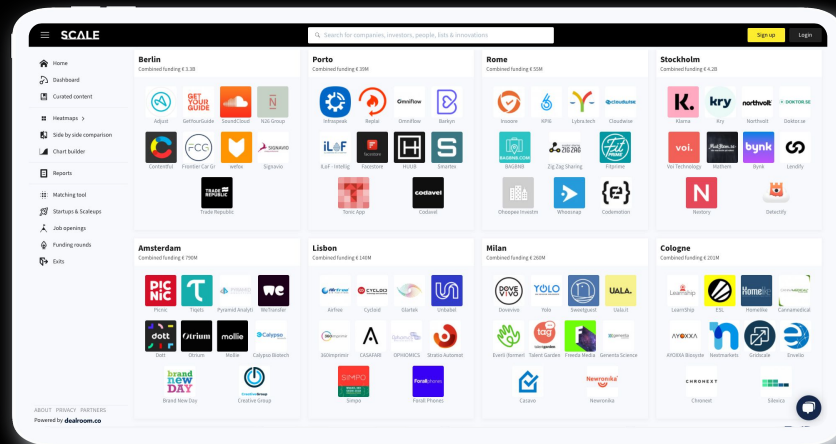
Venture capital activity is at a record level.

Combined venture capital investment into Scale Cities



Explore the top rounds online

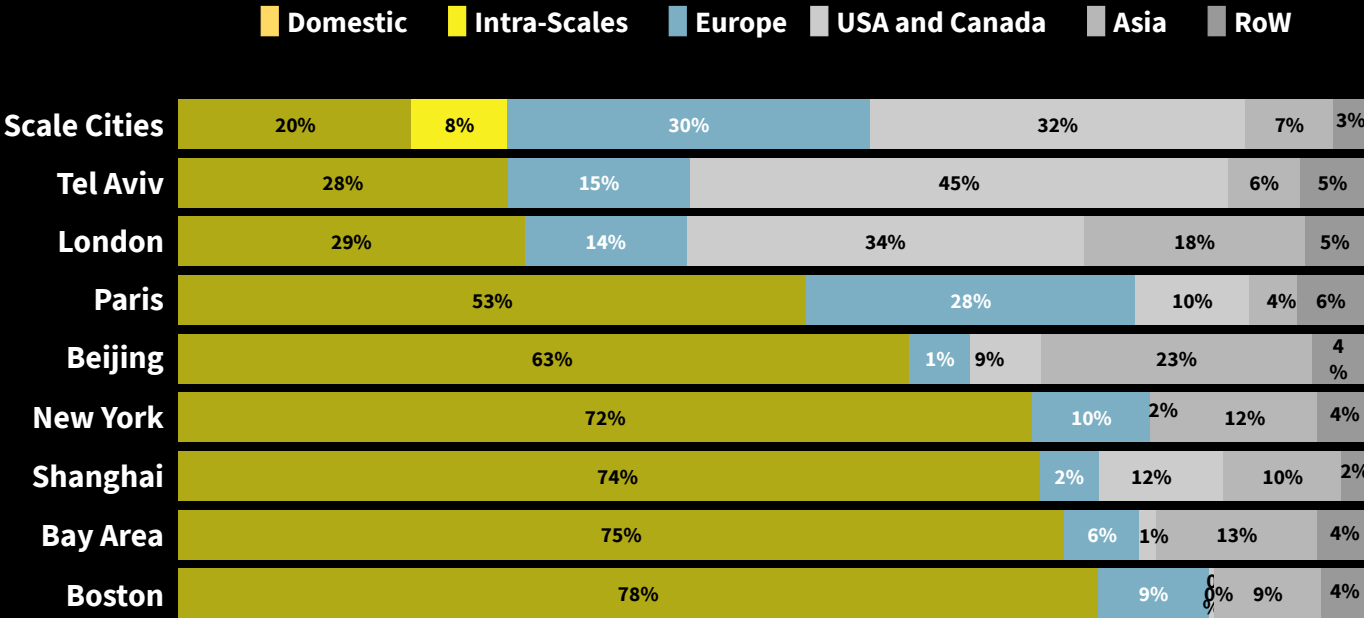
Interactive landscape of top 10 funding rounds in 2019 and 2020 for every city part of the alliance.



[Top 10 funding rounds](#)

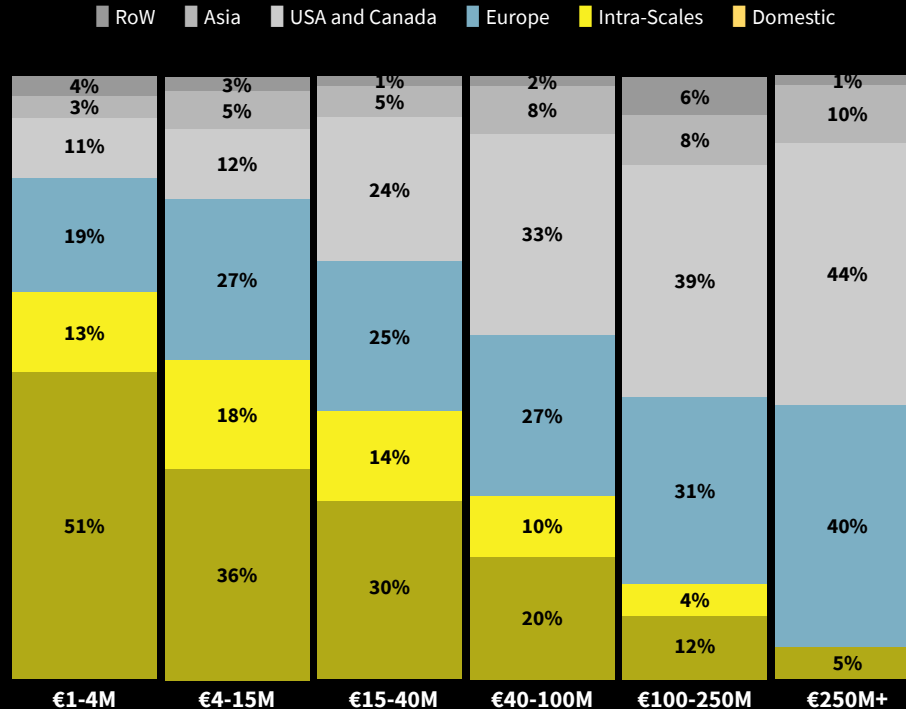
Scale Cities are already an attractive hunting ground for global investors.

% of foreign investment (2019-2020) by hub and source



In late stages, especially, Scale Cities depend on international capital.

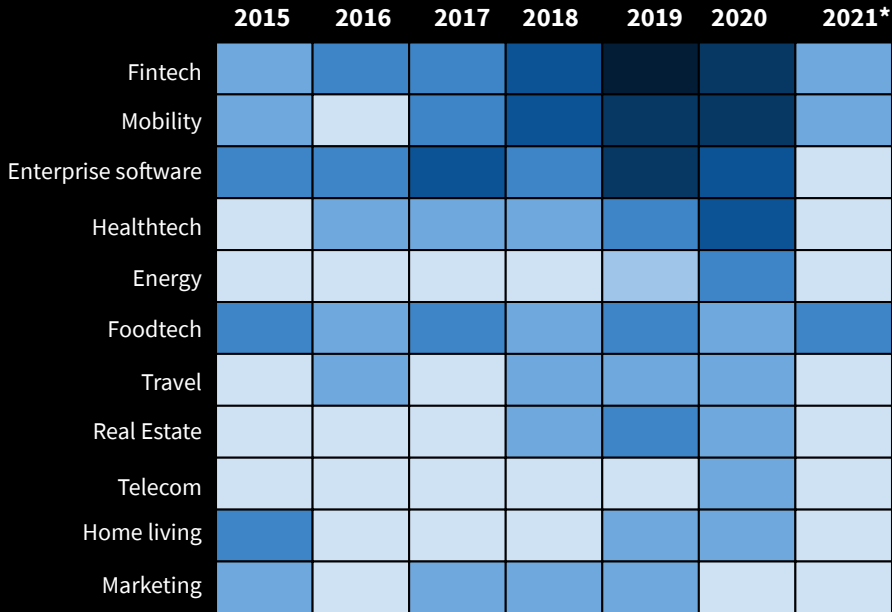
% of investment in Scale (2019-2020) by source and round size



Fintech, mobility, Enterprise software are the top categories in most cities ...

Venture capital investment into Scale Cities

Low High



... but some cities like Munich, Barcelona, have a layer of specialization on top of that.

Barcelona x Travel



Munich x Mobility



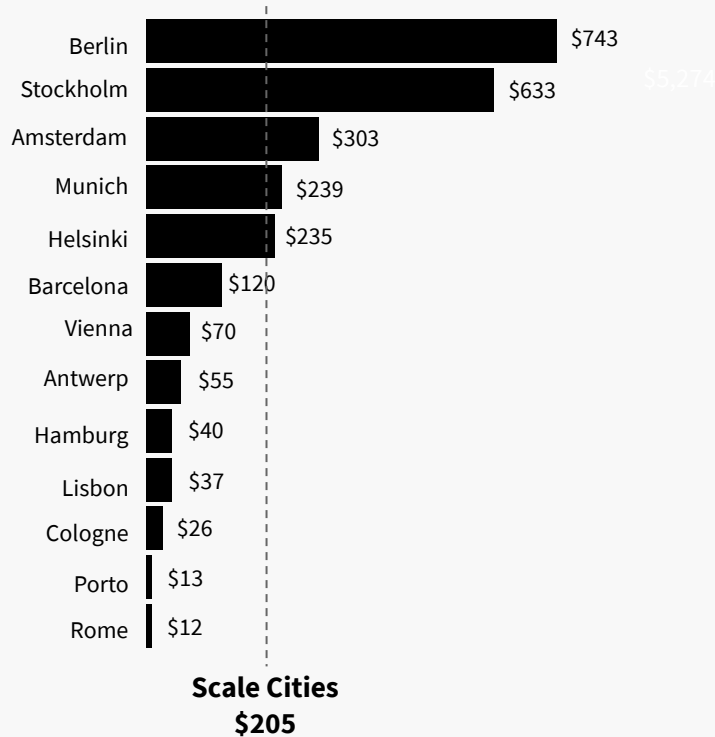
Helsinki x Gaming



Berlin x Fintech



VC investment per capita in 2019 in Scale Cities varies greatly.





Source: Dealroom.co
 Note: Rounds bigger than \$1B are excluded.
ecosystem.scalecities.com


Global comparison of VC investment per capita in 2019





Fostering collaboration between universities and venture capital is vital to unlock the full potential of Europe's leading research institutes.


 **University of Amsterdam**
Plantics, IncatT

 **Technical University of Munich, Fraunhofer, German Aerospace Center**
Magazino, Twaice, Cevotec, Aixemtec, Oculavis, Isar Aerospace, Kiutra, Visevi Robotics, Agile Robots

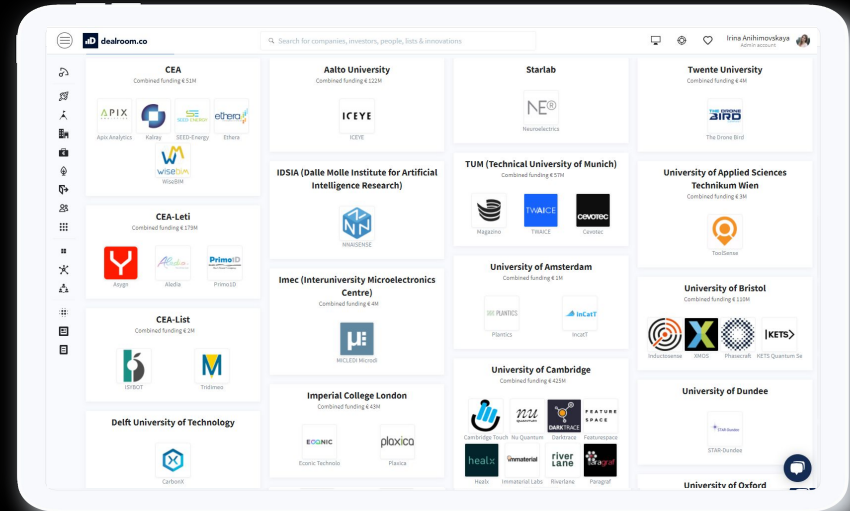
 **University of Helsinki, Aalto university**
Aiforia, ICEEY, IQM Quantum Com, Ladimo Oy, Bluefors

 **KTH Royal Institute of Technology, Stockholm School of Economics, Karolinska Institutet**
Bioservo Technologies, Ingrid Cloud, Plasmatrix, Mercene Labs

 **Polytechnic University of Catalonia, Starlab**
QuSide, SSALG, Echeus, The Predictive, Neuroelectrics

 **UAS Technikum Wien, TU Wien, University of Vienna**
ToolSense, Blue Danube Robotics, Lithoz, Cubicure, Uprnano

Interactive landscape of top universities and their spinoffs:



University spinouts

Methodology & definitions.

Startups, scaleups, grownups and tech

Companies designed to grow fast. Generally, such companies are VC-investable businesses. Sometimes they can become very big (e.g. \$1B+ valuation).

When startups are successful, they develop into scaleups (>50 people), grownups (>500 people) and result in big companies, like Adyen.

In this report, the term “tech ecosystem” refers to startups, scaleups grownups from different vintages/cohorts. Only companies founded after 1990 are included in this report. We consider 1990 as the first decade for internet & information age companies to scale.

Venture capital investment

Investment numbers refer to rounds such as seed, series A, B, C, late stage, and growth equity rounds

Venture capital investment figures exclude debt or other non-equity funding, lending capital, grants and ICOs.

Buyouts, M&A, secondary rounds, and IPOs are treated as exits: excluded from funding data.

Investment rounds are sourced from public disclosures including press releases, news, filings and verified user-submitted information.

Company valuations (public & private)

Company valuations are based on their market capitalization (public) or latest transaction value. Share price are usually taken around the publishing date of the report.

For private companies, the valuation is taken from their exit or implied unrealised valuation from the latest VC round, which is either announced or estimated by Dealroom based on market benchmarks.

Data sources used in this report

Dealroom’s proprietary database and software aggregate data from multiple sources: harvesting public information, user-generated data verified by Dealroom, data engineering. All data is verified and curated manually. The report includes data up until the 17th of February 2021.

Most underlying data from the report is available online via <https://ecosystem.scalecities.com>

For more info please visit dealroom.co or contact support@dealroom.co

Geographic scope of this report

The geographic scope is mentioned on individual pages. Company and investor locations are based on their current HQ and not founding location.

For some cities, we take the greater metro to include surrounding suburbs (for instance in Amsterdam, Munich and Porto).

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February 2021