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Private



Scale-Ups Confidence Survey

European Report | 2024

Contents

1. Executive Summary	4
2. Setting the Scene: Respondent Details	5
3. Business Growth: Looking Back	8
4. Business Growth: Looking Ahead	9
5. Funding & Liquidity Management	15
6. Talent & Organisation	22
7. Technology Scalability & Security	28
8. Digital Operations	29
9. Conclusion: Scale-Ups Confidence	31

Foreword

The Deloitte Private Scale-ups Confidence Survey was initially launched in 2020 in Belgium during the early stages of the COVID-19 pandemic to monitor how start/scale-ups were navigating these challenges. For its fifth edition, the survey has been expanded to encompass 5 European regions for the first time, offering a comprehensive view of the confidence levels, growth ambitions, and challenges faced by start/scale-ups in Belgium, Greece, Switzerland, the Netherlands, and the United Kingdom.

The survey includes input from 388 CEOs, co-founders, and CFOs from scaling businesses across various sectors, such as enterprise software, fintech, mobility, electronics, sustainability, media & entertainment, digital commerce, communications & networking, and foodtech - agritech. We have complemented the data analysis with interviews with prominent investment funds and local Deloitte scale-up leaders from each region, providing insights into the local markets and their perspectives on the future of the broader ecosystem.

Ultimately, our survey report provides real insight into key areas and challenges that impact the scale-ups scene across Europe with a slowdown, such as peaking inflation, rising interest rates, dropping valuations, pressure on sales funnels and the decreasing amount of money raised after two record breaking years. This slowdown however does not mean that we have to change the recipe. On the contrary, there are promising signs that the scale-ups ecosystem is maturing and has arrived at the next chapter in the cycle. The findings presented in this report are crucial for understanding these dynamics of the European scale-up market and for devising effective strategies to support the growth and success of tech scale-ups in the region.

Finally, we extend a heartfelt thank you to all founders who took the time to support us. We are your strongest advocates for the innovation you are driving. A warm thank you to our scale-up focused Deloitteers, who were the driving force behind this study. It's your vision, energy, and passion that are shaping the businesses of tomorrow.

Happy reading, and keep your eyes out for our future editions, which will cover even more regions.



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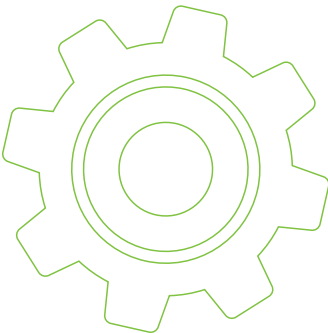


1. Executive Summary

Most prominent findings within the Scale-Ups Ecosystem 2024

 <p>The top growing sectors are driven by regulation, consumer demand and awareness regarding sustainability</p>	<p>The top growing sectors in the European region include Software, FinTech, Electronics, Media & Entertainment, Sustainability, and Life Sciences and Health Care. The growth in these sectors is largely driven by consumer needs, regulatory changes, and a growing consciousness about sustainability.</p>
 <p>European scale-ups struggle mainly with lower/delayed new business and customer signings, cash flow, liquidity and funding issues and finding the right talent</p>	<p>The scale-ups in the different geographies primarily struggled with lower/delayed new business and customer signings, with the UK being the most affected (70% of the respondents), followed by finding the right talent and cash flow, liquidity, and funding issues. Notably, Swiss scale-ups indicated finding the right talent lower on their list of challenges (14% of respondents).</p>
 <p>US dominates international expansion plans despite cultural and regulatory challenges</p>	<p>The majority of scale-ups prefer to expand either nationally, or to neighbouring countries. Additionally, the United States remains a top choice for international expansion among scale-ups, despite the challenges of navigating different regulatory environments and cultural differences.</p>
 <p>Government support is a key driver for scale-up growth and development</p>	<p>Government support plays a crucial role in the growth and development of scale-ups, as seen in the Greek market with the creation of a solid national VC funding scene and other supportive initiatives. However, in markets like the UK where there is less government intervention, ventures are moving toward the US, suggesting a need for increased governmental support to retain innovation within the country.</p>
 <p>In general, European scale-ups are optimistic about their growth trajectory, anticipating an increase in workforce and funding</p>	<p>Scale-ups across Belgium, Greece, Switzerland, the Netherlands, and the United Kingdom are generally optimistic about their growth trajectory, with the majority planning to increase their workforce and actively seeking additional funding.</p>
 <p>Overall, there is a need for greater unity and cooperation to enhance innovation across Europe</p>	<p>Despite the unique characteristics of each country's scale-up ecosystem, there is a collective need for greater unity and cooperation both within and between countries. Promoting closer collaboration and strengthening ties could substantially benefit ventures and enhance innovation across Europe.</p>

2. Setting the Scene: Respondent Details



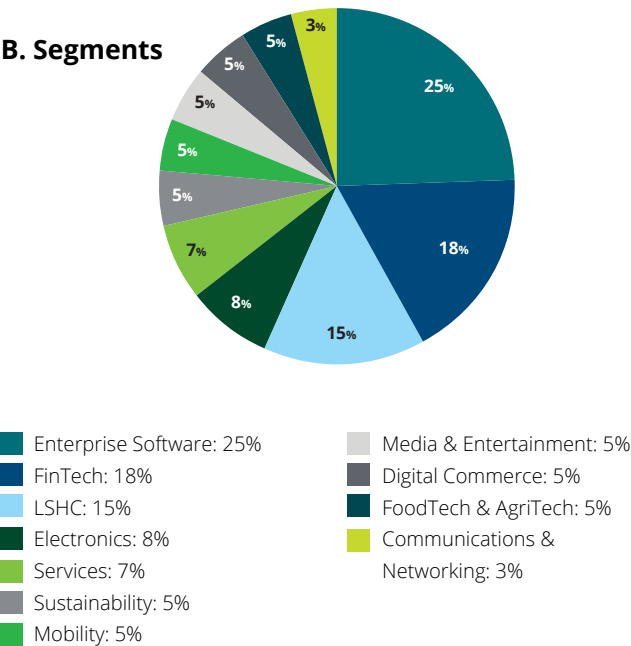
A. Geographical Split



C. Profiles



B. Segments



2. Setting the Scene: Expert Opinions

Deloitte experts



Anaïs De Boule
Scale-Ups Leader
Deloitte Belgium



Konstantinos Vaitsas
Scale-Ups Leader
Deloitte Greece



Petar Angelov
Scale-Ups Leader
Deloitte Switzerland



Thijs van Lieshout
Scale-Ups Leader
Deloitte Netherlands



Duncan Down
Scale-Ups Leader
Deloitte United Kingdom

Investors



Jurgen Ingels
Smartfin Belgium



Emile Symons
PMV Belgium



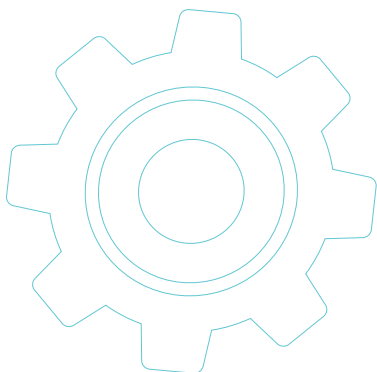
Antigoni Lymperopoulou
HDBI Greece



Mike Baur
Serpentine Ventures
Switzerland



Sarah Guemouri
Atomico



"Scale-ups increasingly struggle with cash flow, liquidity and funding. Changing regulations is among top challenges for the first time."



3. Business Growth: Looking Back

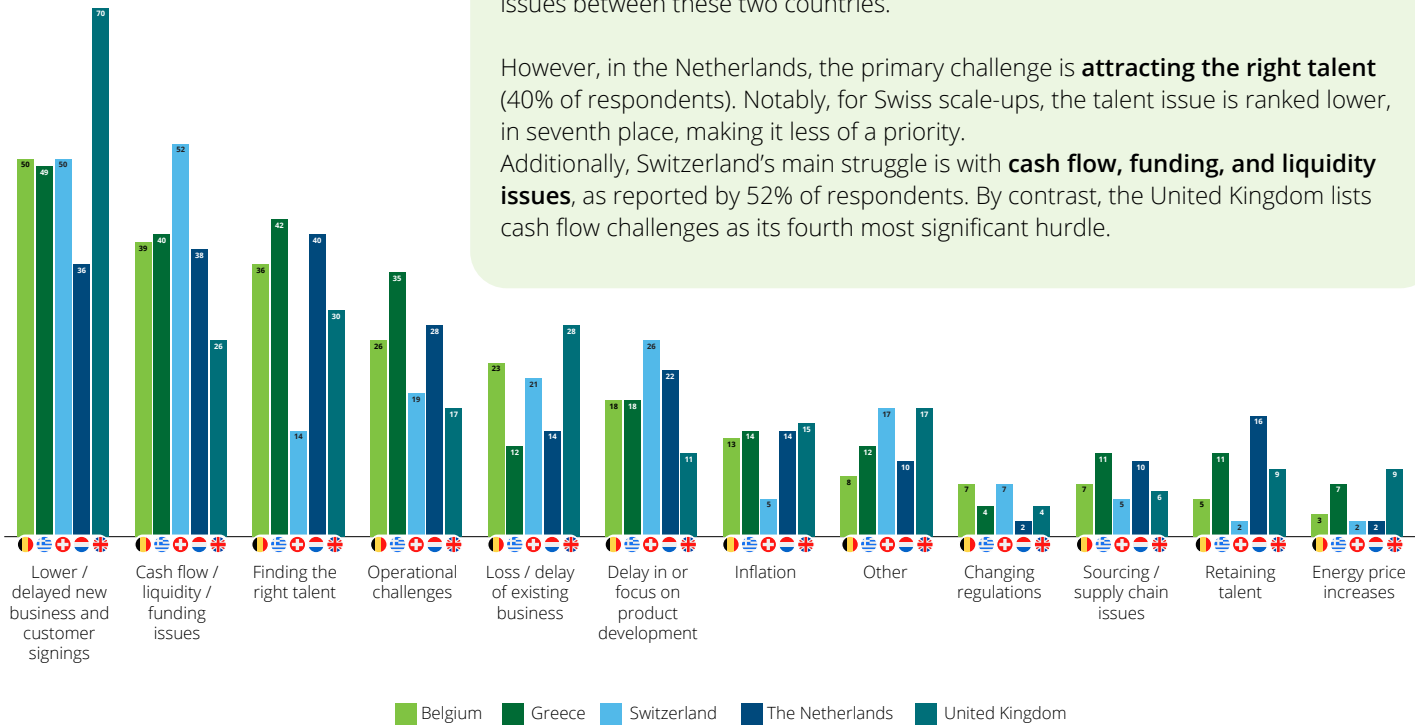
Looking back at 2023, what were the biggest challenges to reach your growth ambition?

Based on our analysis of the main challenges, all scale-ups in the different geographies primarily struggle with **lower/delayed new business and customer signings**, with the UK being the most affected (70% of the respondents).

Both Greece and Belgium share similar top three challenges, indicating parallel issues between these two countries.

However, in the Netherlands, the primary challenge is **attracting the right talent** (40% of respondents). Notably, for Swiss scale-ups, the talent issue is ranked lower, in seventh place, making it less of a priority.

Additionally, Switzerland's main struggle is with **cash flow, funding, and liquidity issues**, as reported by 52% of respondents. By contrast, the United Kingdom lists cash flow challenges as its fourth most significant hurdle.



War for talent continues for Dutch scale-ups

The current job market in the Netherlands is highly competitive, and companies are struggling to find suitable candidates for their open positions. Despite this, companies are still actively seeking to hire new employees. In the past, expats were able to take advantage of a 30% tax benefit, but the 30% ruling has been modified and cut back from January 2024, which makes it less attractive for foreign employees to come to the Netherlands. As a result, companies are finding it increasingly difficult to attract the talent they need to fill their open positions, especially engineering and DeepTech profiles.

Larger tickets are sought in the Unites States

In the Netherlands, start-ups looking for funding face different challenges depending on their stage of development. Early stage start-ups still have some options available to them, but as they progress and require larger amounts of funding, the options become more limited. Later stage venture capital can be particularly difficult to secure in the Netherlands, as there are fewer local investors willing to invest in this stage of development. As a result, many start-ups seeking larger funding amounts turn to foreign investors, such as those in the United States. While this can be a viable option, it also presents its own set of challenges, such as navigating different regulatory environments and cultural differences.

There is need for more unity in a scattered ecosystem

In my opinion, the scale-ups ecosystem in the Netherlands is currently quite fragmented. However, there have been positive steps taken toward more collaboration between the different actors in recent years, such as the government-funded initiative TechLeap. Additionally, the Dutch government's National Growth Fund for innovation is another example of the attention being given to the market, but it is unsure if this scheme continues with the change of government. I believe it is important that these types of initiatives continue, and that the attention given to the ecosystem is maintained and expanded upon to ensure more growth and development.



Expert: Thijs van Lieshout (Deloitte Netherlands)

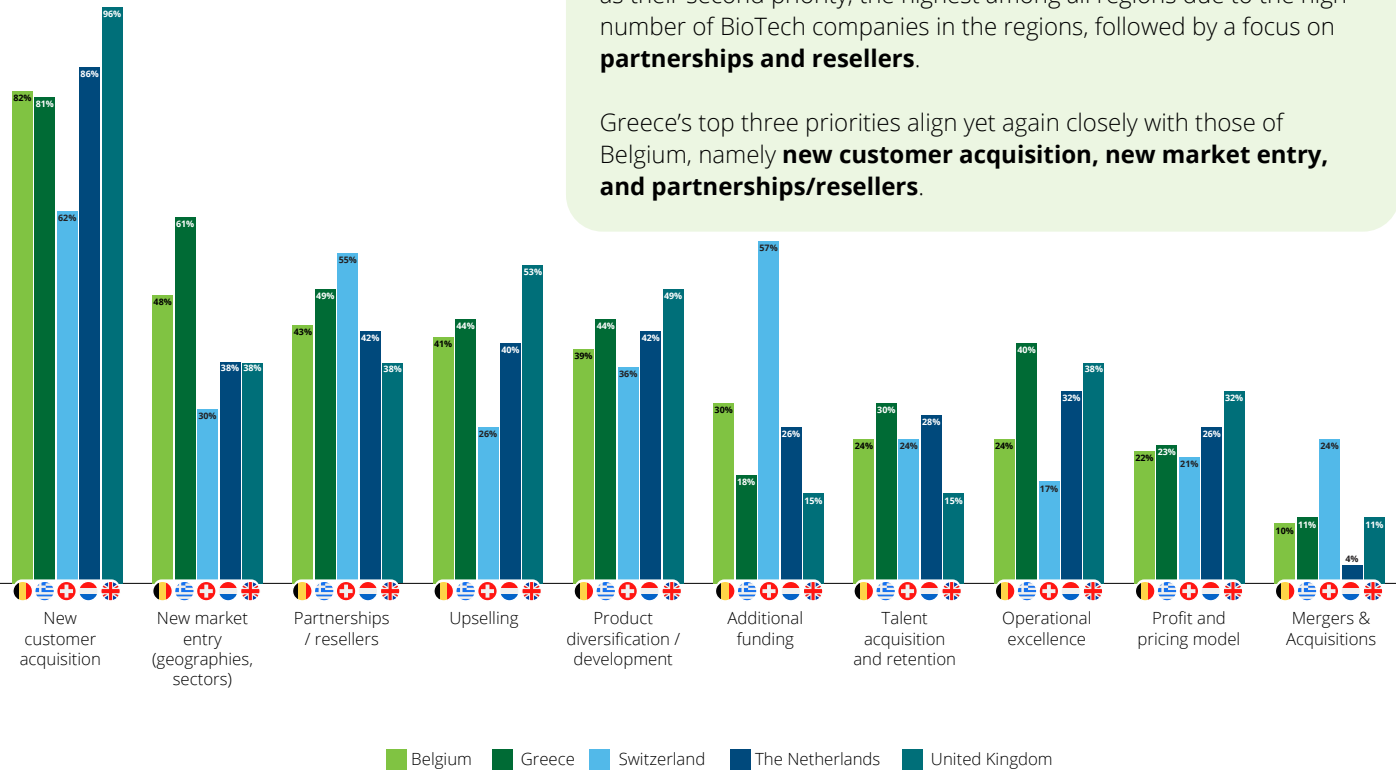
4. Business Growth: Looking Ahead

What will be your primary areas of focus in 2024 to realise your growth aspirations?

New customer acquisition stands out as a shared priority across all countries, the highest number of respondents from the UK (96%).

There are some notable variations per country. For instance, in the Netherlands, the United Kingdom, and Switzerland, there is less emphasis on **new market entries** compared to Belgium and Greece. Furthermore, Swiss scale-ups indicate **additional funding** as their second priority, the highest among all regions due to the high number of BioTech companies in the regions, followed by a focus on **partnerships and resellers**.

Greece's top three priorities align yet again closely with those of Belgium, namely **new customer acquisition**, **new market entry**, and **partnerships/resellers**.



Expanding the borders of the ecosystem

In the Belgian ecosystem, our focus has traditionally been on fostering regional collaboration (driven by serial entrepreneurs, the Belgian priority VC's and our three official languages). While we continue to emphasise a national perspective, we are now also embracing a broader European outlook. This shift is significantly bolstered by the introduction of the EU Digital Strategy. Through this strategy, Europe is evolving towards a single market for data, providing a regulatory framework that facilitates international scaling for ventures. To fully leverage these opportunities, cooperation between countries and governments is essential, fostering a unified approach. However, fragmentation remains an issue, and achieving a collective mindset requires enhanced uniformity and collaboration.

At Deloitte, we believe in the power of fostering collaboration within our own network. By reintroducing the EMEA Fast 500 competition, which recognises the fastest-growing tech companies, we aim to take significant steps towards creating a more international network. This initiative will help to forge connections between ventures across different ecosystems, encouraging a more integrated and collaborative European market.

Dimensions of collaboration

In today's business landscape, new and innovative start/scale-ups are all too often viewed as distinct from established companies, such as big corporates. We need to recognise the various ways of collaborating with ventures that go beyond traditional commercial relationships. These include exploring go-to-market strategies, alliances, partnerships, investments, and potential acquisitions (in both ways). Only by acknowledging and acting on these opportunities, we can unlock the immense growth and development potential that emerges when the pioneers of innovation and incumbents come together. Time to unlock this untapped potential in Belgium.



Expert: Anais De Boule (Deloitte Belgium)

4. Business Growth: Looking Ahead

Segments in the spotlight

To identify the fastest growing segments, Deloitte issued the EMEA Fast 500 list, which is an objective industry ranking that identifies and recognises the fastest-growing technology companies across Europe, the Middle East, and Africa (EMEA). Scale-ups in the following segments currently showcase the highest growth numbers:



1. **Enterprise Software:** Companies in this segment are developing a wide range of software solutions, from enterprise applications to consumer-focused apps. The growth in this segment is driven by the increasing digitalisation of businesses and the need for innovative software solutions to improve efficiency and productivity.



2. **FinTech:** FinTech ventures are revolutionising the way we handle money, from digital payments to online banking and investment platforms. The growth in this segment is fuelled by the increasing consumer demand for convenient, secure, and efficient financial services.



3. **Electronics:** Companies in this segment are involved in the production of physical devices that are integral to technology systems, and includes computer hardware, telecommunications equipment, and other electronic devices. The growth in this segment is driven by the continuous demand for more advanced and efficient hardware across all countries.



4. **Media & Entertainment:** This segment includes companies that are using technology to transform the way we consume media and entertainment, which can be through streaming platforms, gaming companies, or social media platforms. The growth in this segment is driven by the increasing consumer demand for digital entertainment options.

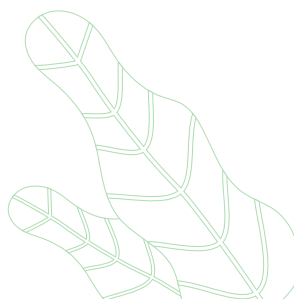


5. **Sustainability:** Companies in this segment are focused on developing technologies that help to protect the environment and promote sustainability. This includes renewable energy technologies, waste management solutions, and technologies that help to reduce carbon emissions. The growth in this segment is driven by the increasing global focus on sustainability and the growing number of climate change regulations.



6. **Life Sciences & Health Care:** This segment includes companies that are using technology to improve healthcare outcomes. The growth is driven by the increasing demand for improved healthcare services and the need for more efficient and effective healthcare solutions.

In summary, the growth in these segments is largely driven by consumer needs, regulatory changes, and a growing consciousness about sustainability. These factors are shaping the direction of technological innovation and growth in the EMEA region.



To which countries/geographies are you planning to expand your company?

Generally, scale-ups aim to grow either within their own country or in nearby markets. When it comes to expanding internationally, the United States consistently stands out as a top choice. This preference can be attributed to various factors such as market size, access to capital, similar culture, and a favourable business environment for ventures. While neighbouring countries may offer proximity and some degree of familiarity, the scale of opportunities and resources in the US market often makes it an irresistible destination for ambitious scale-ups seeking global expansion.



US expansion remains challenging, opportunities in Europe should be prioritised

In my opinion, Belgian ventures are quite conservative: they mainly stay in Belgium and sell primarily to Belgian companies. While the United States may seem like an obvious choice for international expansion, the cultural differences can be significant and challenging to navigate. Additionally, Belgian companies are often too small to attract the attention of American companies, and they may struggle to find the right talent to succeed in the US market. It is important to recognise that penetrating the US market can be difficult, and timing and size are crucial factors in attracting the right people. Therefore, I think that at times it may be more beneficial to focus on exploring opportunities in Europe first before considering expansion to the US.

The growth of many ecosystems depends on reinvestments by entrepreneurs and the availability of sufficient exits

The success of an ecosystem heavily relies on the involvement of serial entrepreneurs who bring with them essential factors such as money, knowledge, and skills. To ensure continued growth, it is crucial to have successful exits and a tax environment that allows money to return to the ecosystem. Any changes to this could result in lost money and a struggling ecosystem. Therefore, I believe it is important to have a tax-friendly environment that promotes the flow of money into the sector, with a revolving character that attracts foreign companies.

Different talent models are on the rise

I notice that the tech industry is undergoing a certain transformation. Traditionally, the focus was on developing a proof of concept, followed by introducing the necessary sales, marketing, support, and HR profiles. However, different models are coming up. Skilled tech professionals are starting to collaborate in small offices, prioritising product development. Their exceptional work generates word-of-mouth recommendations, leading to highly profitable companies. As a result, traditional firms are also adapting, with smaller teams and increased profitability. In my opinion, this structure really represents the future of tech. Back-office operations are becoming more and more automated, driving greater efficiency. Tech profiles and sales roles are currently in high demand due to automation, but for certain companies, sales will diminish in significance, with a greater emphasis on tech profiles and developers. Exceptional talents will thrive in this evolving landscape.



Investor: Jurgen Ingels (Smartfin - Belgium)

Scale-ups need a strategic plan in order to scale internationally

Belgium has an attractive scale-up ecosystem, but ventures should not be afraid of exploring other countries, particularly neighbouring countries where there is also a pool of talented individuals. Many companies are willing to take the leap, but I believe the lack of a structural approach is hindering their success. The main challenge is not having a plan and strategy to scale internationally. Fortunately, the government provides support, especially since Europe is a single market, allowing for numerous opportunities. Therefore, as a founder it is essential to have the courage to internationalise and take advantage of the available opportunities.

We need to unite more as one ecosystem

Le French Tech is a great example of a successful ecosystem, with all stakeholders, including corporates, businesses, investors, and the government, working together toward a common goal. In contrast, the Belgian ecosystem is more fragmented. To achieve success, we need to bring the ecosystem together and align all stakeholders. For instance, Slush'D was the first time all (Belgian) stakeholders came together. I believe we need to come forward as one, not just at the national level but also at the European level and collaborate with neighbouring countries. This will be a long-term process, but we are already seeing some progress with initiatives such as Wintercircus, which is a cluster of all tech in Ghent, and with imec.start in Leuven.

Serial founders make the Belgian ecosystem thrive

The ecosystem in Belgium has received a boost due to the sale of well-known ventures such as Netlog, which has injected money back into the ecosystem. This is a positive development as it creates a virtuous cycle of growth. Additionally, there are several companies that have successfully raised large funds, such as Robovision, Henchman, etc. and we are seeing more and more Series B funding rounds taking place. This is in my opinion a positive trend, as serial founders and successful exits create a wealth of knowledge and experience that can be passed down to future generations. Overall, I believe the outlook for entrepreneurship in Belgium is quite positive.



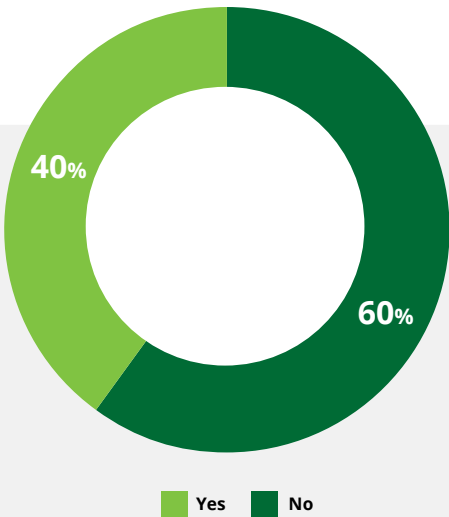
Investor: Emile Symons (PMV - Belgium)

"66% report a negative impact on valuation, and scale-ups are increasingly turning to equity funding from new investors rather than government grants and subsidies."

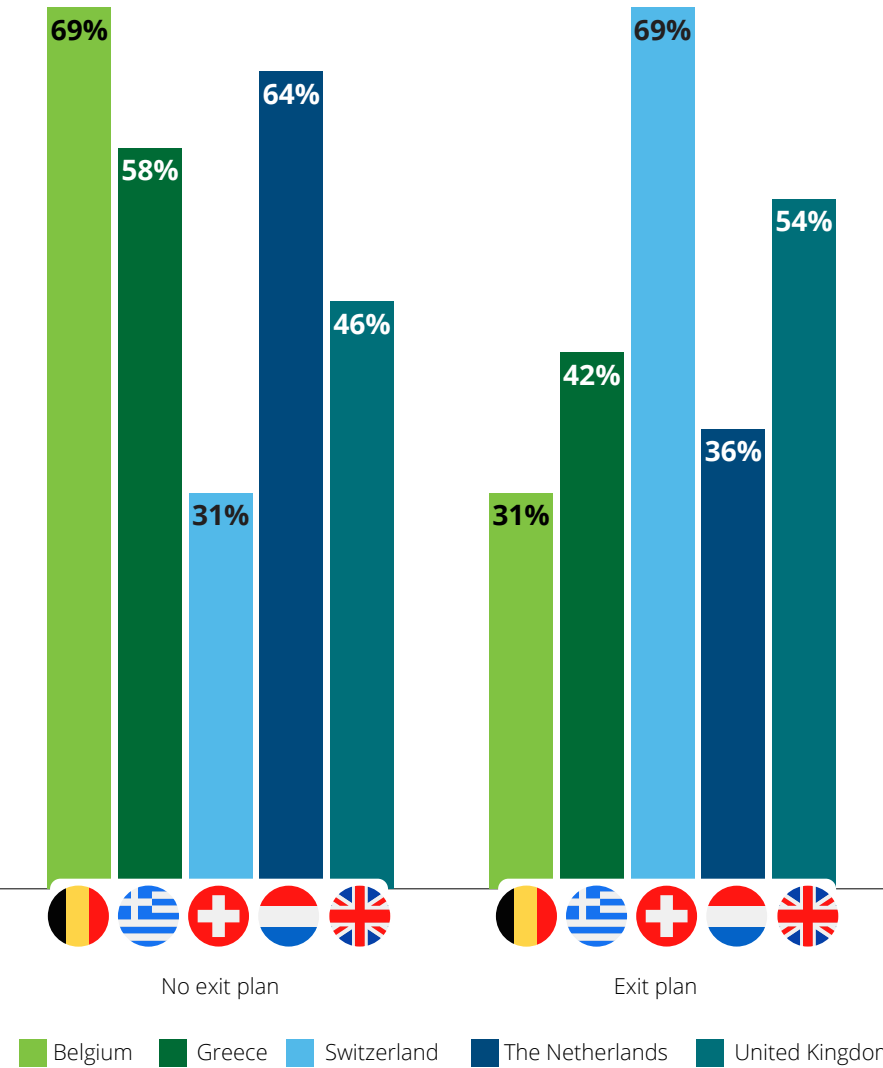


Does your company have an exit plan?

Our findings indicate that 40% of scale-ups have an exit plan in place, which predominantly revolves around strategies related to mergers and acquisitions (M&A).



Across countries, the data reveals different patterns regarding scale-ups' intentions toward exit strategies. In Belgium and the Netherlands, approximately 30% of scale-ups have an exit plan in place. Greece and the United Kingdom show a slightly higher tendency, at 42% and 54%, respectively. However, Switzerland stands out with nearly 70% of scale-ups confirming that they have an exit plan.

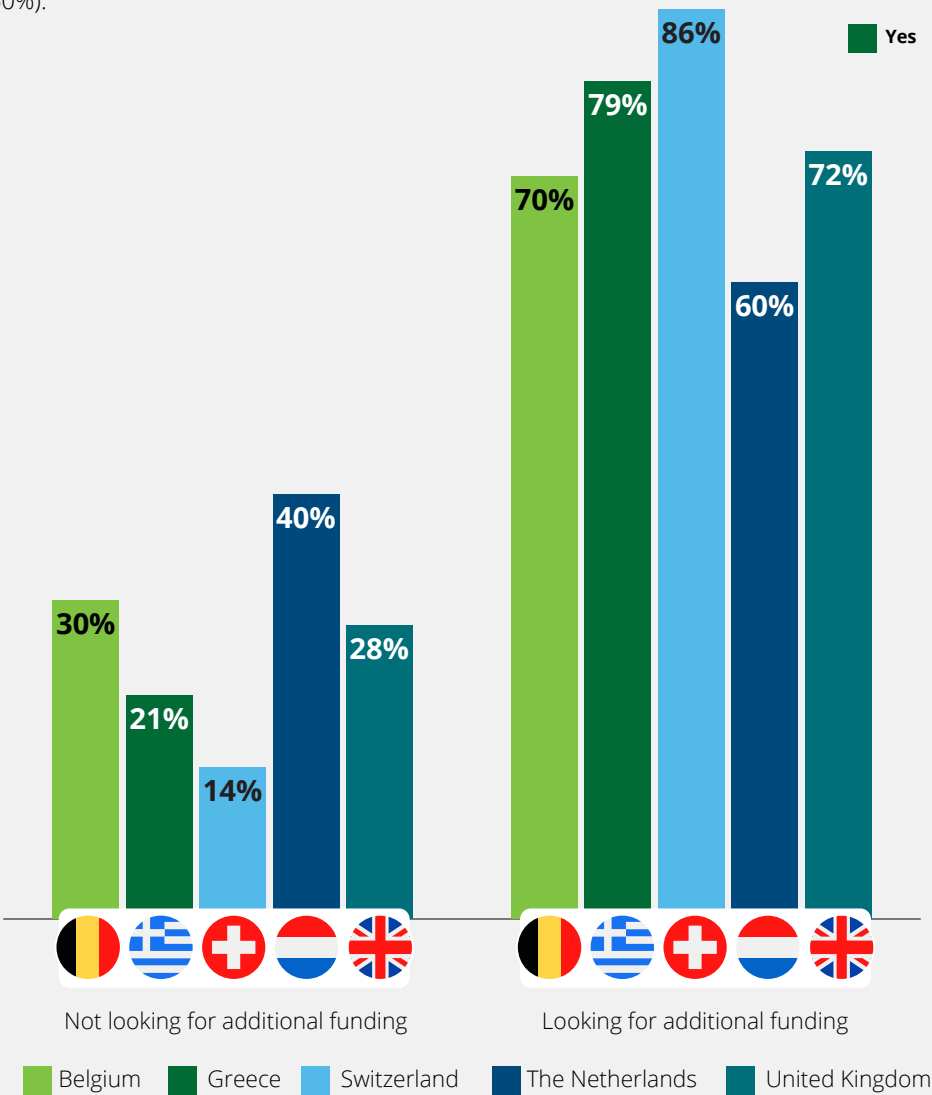
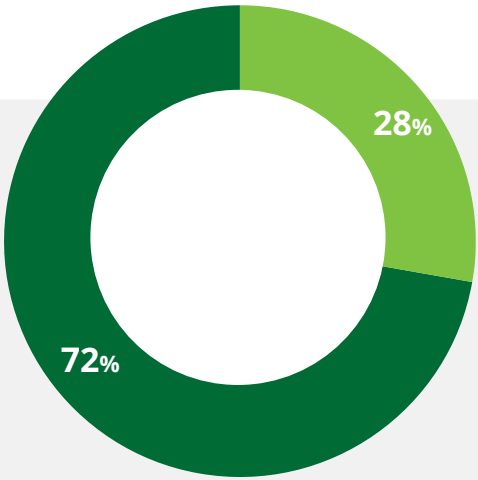


Source: Deloitte Confidence Survey, June 2024, N Belgium = 191, N Greece = 57, N Switzerland = 42, N The Netherlands = 50, N the UK = 48

5. Funding & Liquidity Management

Does your company look for any additional funding?

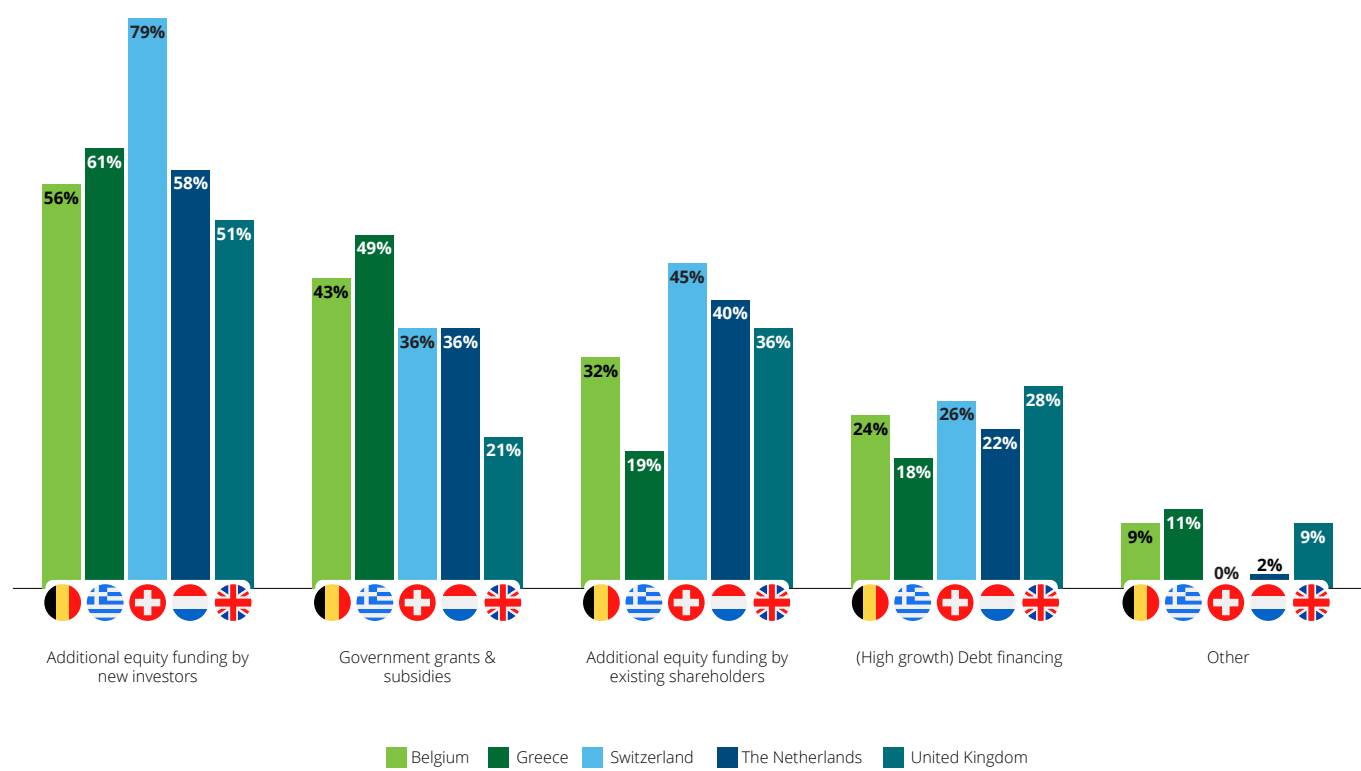
Out of the scale-ups surveyed, 72% are actively seeking additional funding. Swiss scale-ups represent the highest percentage of respondents (86%), which is driven by the large number of BioTech companies, while the Netherlands demonstrates the lowest (60%).



Source: Deloitte Confidence Survey, June 2024, N Belgium = 191, N Greece = 57, N Switzerland = 42, N The Netherlands = 50, N the UK = 48

What types of funding do you consider to fuel your growth trajectory?

In general, scale-ups across countries prefer equity funding by new investors, with the highest number of respondents in Switzerland (79%). However, there are notable differences, particularly regarding the popularity of government grants and subsidies as alternative funding sources. In Belgium and Greece, these financial incentives hold more appeal among scale-ups compared to the other countries.



Accelerated growth in Greece

Government funding for start-ups in Greece has been quite attractive. The government has namely recognised the importance of supporting the start-up ecosystem and has provided substantial financial resources to accelerate growth. This programme has justified a large amount of funding and is now being actively exploited in the market. However, there is still a need for more support and acceleration momentum. In terms of maturity, the ecosystem has made significant progress in a relatively short period. Just five years ago, there were many gaps and challenges, but pivotal changes have since taken place. The establishment of a national registry and the development of a structured VC fund ecosystem are notable advancements. The number of funds has also increased from 10 to 45, creating a more structured ecosystem with different actors and distinct roles. This shows a significant level of maturity compared to the past, demonstrating the positive trajectory of the Greek start-ups and scale-ups ecosystem.

Value of corporate investors

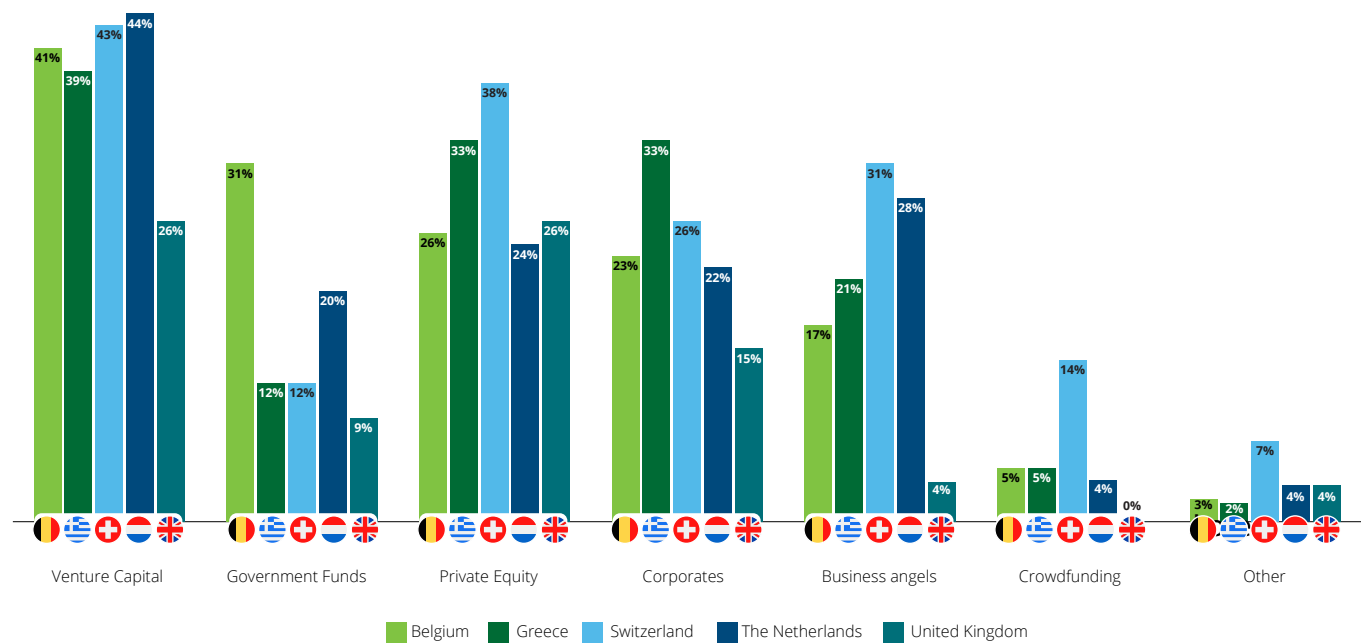
Value investments from corporates are more than just money in the bank. They can also provide strategic partnerships that open doors for start-ups and scale-ups. This is why many start-ups in Greece (and beyond) are actively seeking corporate partners for collaboration. These partnerships can bring a wealth of benefits, including access to new markets, expertise, and resources. By working together, start-ups and corporates can create mutually beneficial relationships that drive innovation and growth. Start-ups and scale-ups in Greece recognise the value that corporate investments can bring beyond just financial support.



Expert: Konstantinos Vaitsas (Deloitte Greece)

Which types of new investors are you considering?

Across all surveyed countries, **venture capital** emerges as the preferred funding choice. However, there are distinct funding preferences. Belgium and the Netherlands, for instance, exhibit a higher preference for **government funds**, **private equity** and **business angel** investments are highly sought after in most countries, with Switzerland and the Netherlands notably emphasising these funding sources. Switzerland also stands out for its higher utilisation of **crowdfunding**. These nuanced variations showcase a diverse financing landscape tailored to scale-up needs, influenced by regional factors such as regulatory frameworks, investor networks, and cultural attitudes toward investment.



What types of funding do you consider to fuel your growth trajectory?

High US presence among the UK ecosystem

Once UK scale-ups reach a certain size and maturity, they tend to turn their attention westward and look to enter the US market next. This trend has remained consistent over the years, with US investors being highly sought-after for later stage rounds. There is good connectivity between the UK and the US, and US investors have injected large amounts of capital over the years into UK scaleups, which has helped the ecosystem to grow at pace. The presence of US investors on UK boards, sitting alongside UK investor counterparts, has proven to be beneficial as they can bring insights around what is expected in the US and encourage management teams to act accordingly, making expansion to the US easier.

Government intervention to preserve innovation

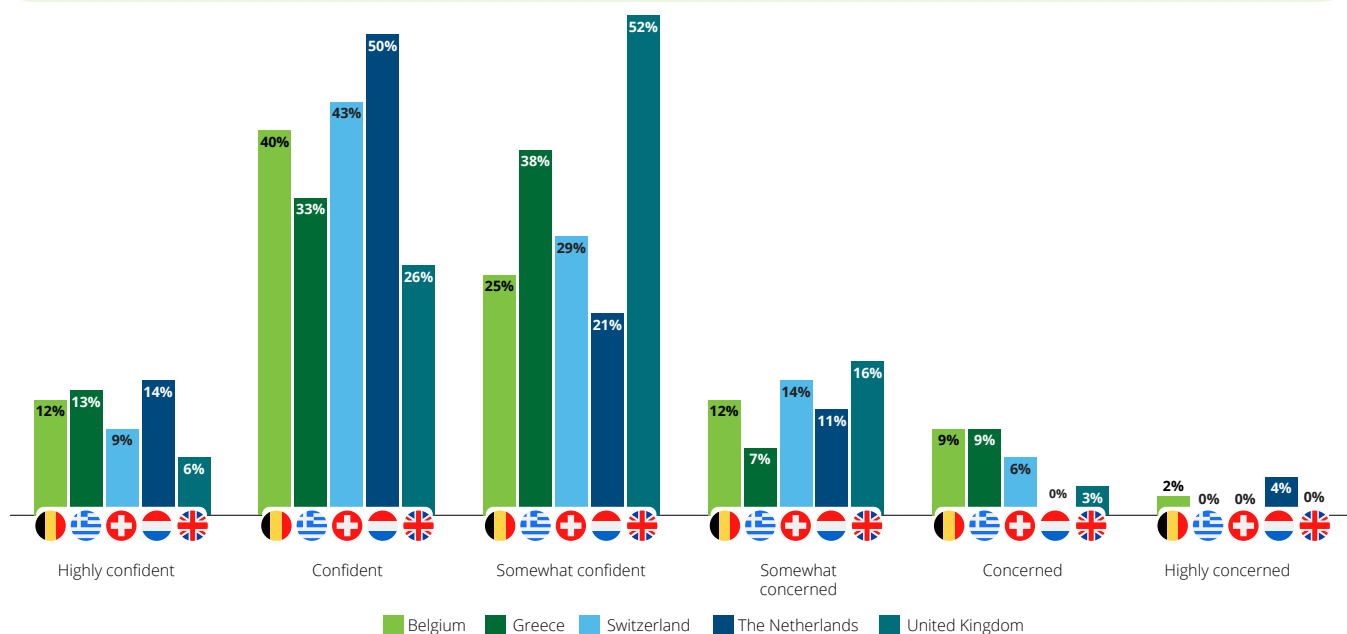
The UK's technology landscape has been characterised by changing levels of government involvement over the past decade. Since Brexit, there has been significant concern about the loss of talented individuals to more attractive opportunities abroad. On the plus side, government initiatives such as EIS and SIES, as well as various grant schemes during COVID, have all been widely regarded as beneficial programmes supportive of the UK tech ecosystem. With an election around the corner and the possibility of yet another new government imminently, the UK gov once again will play centre stage within the industry, with the potential to boost innovation, create more jobs and be a driver of UK levelling up.



Expert: Duncan Down (Deloitte UK)

How confident are you that you will obtain the required funding?

Overall, scale-ups remain (somewhat) confident in **obtaining the necessary funding**, although levels of confidence vary across different geographies. The Netherlands emerges as the most optimistic, with 64% of scale-ups expressing they are (highly) confident in their ability to obtain necessary funding. In contrast, the UK demonstrates a slightly lower level of confidence, with 52% of scale-ups indicating they are somewhat confident. Notably, less than 10% of scale-ups reported they are (highly) concerned.



Source: Deloitte Confidence Survey, June 2024, N Belgium = 191, N Greece = 57, N Switzerland = 42, N The Netherlands = 50, N the UK = 48

A challenging macroeconomic environment...

Despite lots of positive activity, we are not fully on the other side of the correction, and we still see a significant capital overhang that has yet to play out.

As discussed by our CEO Niklas Zennström, many start-up founders will need to face tough choices as companies who previously fundraised in the high valuation era of '21-22 are coming back to market. Despite the bad reputation of down or flat rounds, startup founders may have to accept these as the price to pay for keeping their companies alive for the longer term and not to take it personally. Having shut down two startups himself, each of the failures were also an opportunity to start afresh and paved the way to the subsequent success of Skype.

... but the best is yet to come

We are seeing green shoots all around. Expectations are more aligned between founders and investors so we believe we have moved past the most challenging period and, despite a slow start to the year, we expect capital invested as a whole to exceed last year's figures.

Furthermore, the exit environment is showing promising signs of life, giving us reasons to be optimistic after the liquidity crunch of the past two years. M&A activity continues to be resilient and carries the majority of exit activity in European tech but we are also seeing the IPO window being slowly but surely prised open. On that front there is still some way to go for it to flow through to Europe in a meaningful way but we expect more listings to materialise in 2024 and beyond. By our count there are more than 100 private European tech companies ripe for a material liquidity event.

What the EU ecosystem needs most

While we have seen time and time again the ecosystem's ability to spur innovation and scale companies from Seed to billion-dollar valuation at the same rate as the US, we continue to see a material funding gap across Europe. After five years, US tech startups are 40% more likely to have successfully secured venture capital funding than in Europe.

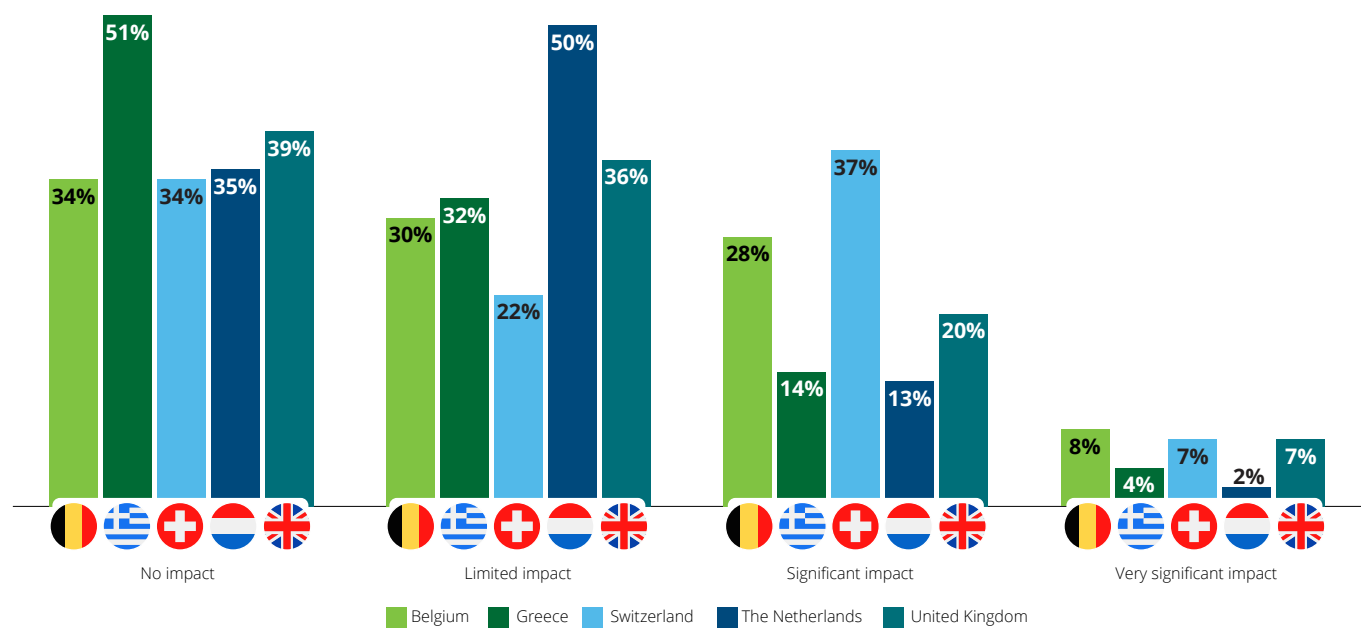
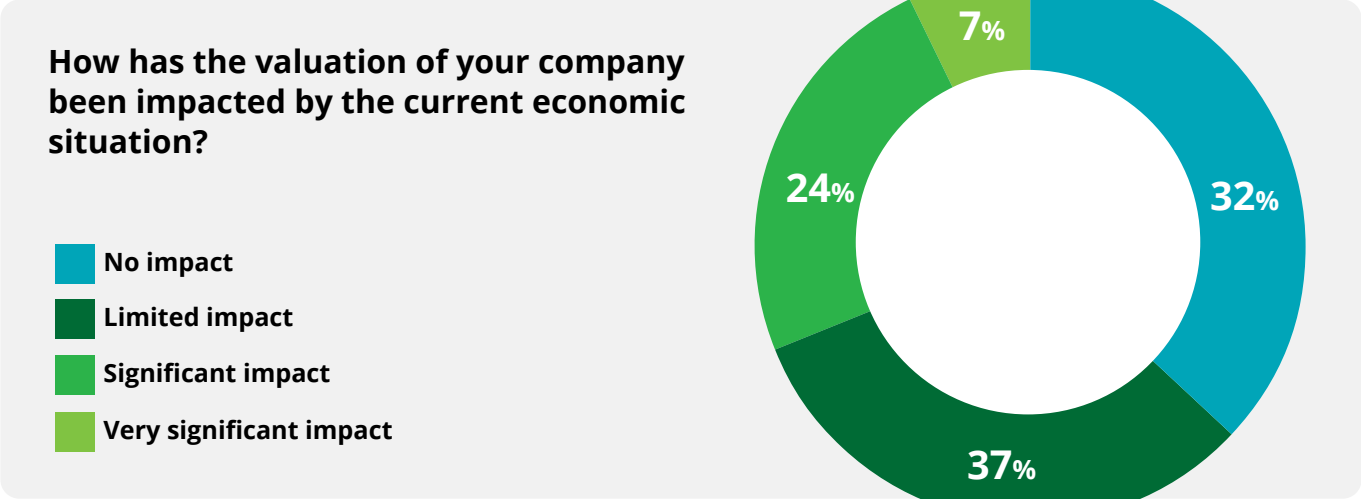
Access to funding is imperative for the success of an ecosystem and Europe has faced the same headwinds as the rest of the world when it comes to funding. Total levels of funding in 2023 took a step back to \$0.7B, compared to \$1.3B in 2022. This was most significantly driven by the decrease in growth stage funding (\$15M+ rounds).



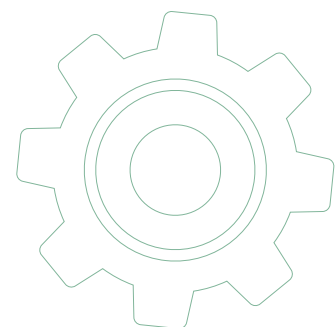
Investor: Sarah Guemouri (Atomico)

How was the valuation of your company impacted by the current economic situation?

Scale-ups in Greece and the Netherlands observe a relatively smaller **impact on their valuation** compared to other countries. Conversely, Switzerland emerges as the country where scale-ups experience the most significant influence on their valuation.



Source: Deloitte Confidence Survey, June 2024, N Belgium = 191, N Greece = 57, N Switzerland = 42, N The Netherlands = 50, N the UK = 48



The Swiss scale-up ecosystem in correction

The period between 2016 and 2021 was a time of significant growth and success for the Swiss scale-ups ecosystem. During this time, many start-ups and scale-ups were able to secure funding, grow their businesses, and achieve significant milestones. However, as with any market, there are cycles of growth and correction. In recent years, the Swiss market has been correcting itself, and investors are following the market sentiment. This means that valuations are returning to more realistic levels, which may impact the growth and success of start-ups and scale-ups in Switzerland. Companies that were able to secure funding at high valuations may now find it more difficult to raise additional capital, and may need to adjust their growth strategies accordingly.

Despite these challenges, there are still opportunities for investors and entrepreneurs in the Swiss market. Companies that are able to adapt to the changing market conditions and focus on sustainable growth may be able to thrive in the long-term. Additionally, the Swiss ecosystem remains supportive, with access to funding and a strong talent pool. As such, the Swiss scale-ups ecosystem may continue to be a promising market for investors and entrepreneurs alike, with a more realistic outlook on valuations and growth potential.

A sector-driven Ecosystem

The Swiss scale-up ecosystem is characterised by a strong focus on two of Switzerland's main sectors: BioTech and FinTech. These sectors have been the driving force behind the growth of many successful Swiss start-ups, with a number of companies achieving global recognition and success. The BioTech sector is particularly strong, with Switzerland being home to a number of world-renowned research institutions and pharmaceutical companies. This has led to the development of a thriving ecosystem of start-ups and scale-ups focused on developing innovative new treatments and technologies. Similarly, the FinTech sector has seen significant growth in recent years, with a number of start-ups developing solutions for the financial services industry. As a result, the success of these two sectors has also shaped the development of a thriving ecosystem of start-ups and scale-ups.



Expert: Petar Angelov (Deloitte Switzerland)

DeepTech ventures are more resilient

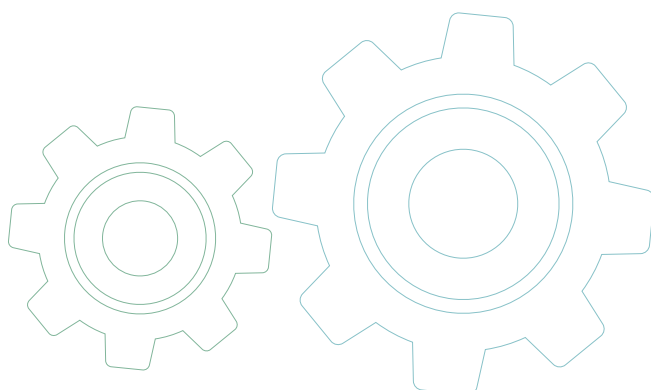
The Swiss and Nordic markets have shown resilience to the recent market downturn, with DeepTech sectors such as MedTech and CleanTech being less affected. Long-term growth trends include the adoption of AI, increasing technology adoption in healthcare, and demand for eco-friendly innovations. DeepTech start-ups are well-positioned to play a key role in addressing major challenges and attracting investors. Markets to avoid include overcrowded and legacy markets with slow technological adoption. The aging population is driving demand for new healthcare services and assistive technologies. The increasing demand for start-ups that develop clean energy solutions, sustainable products, waste reduction technologies, and other eco-friendly innovations will only be further boosted by regulatory changes and policy shifts. In general, I believe continental Europe is well-positioned to play a key role due to its world-class DeepTech clusters.

Profitability is becoming more important than rapid growth

Founders should be well-prepared before approaching investors, with a compelling business plan including a clear path to growth and profitability. They should adjust their fundraising strategy according to new market conditions, be conservative with valuation expectations, and focus on milestones achieved, resilience, and agility. Founders should emphasise growth potential, traction, team expertise, and ability to execute on the business plan, rather than valuation. They should avoid going for rounds that are too large and explore alternative sources of capital. Neglecting current investors should be avoided as they can provide follow-on funding or introduce the start-up to potential new investors.



Investor: Mike Baur (Serpentine Ventures - Switzerland)

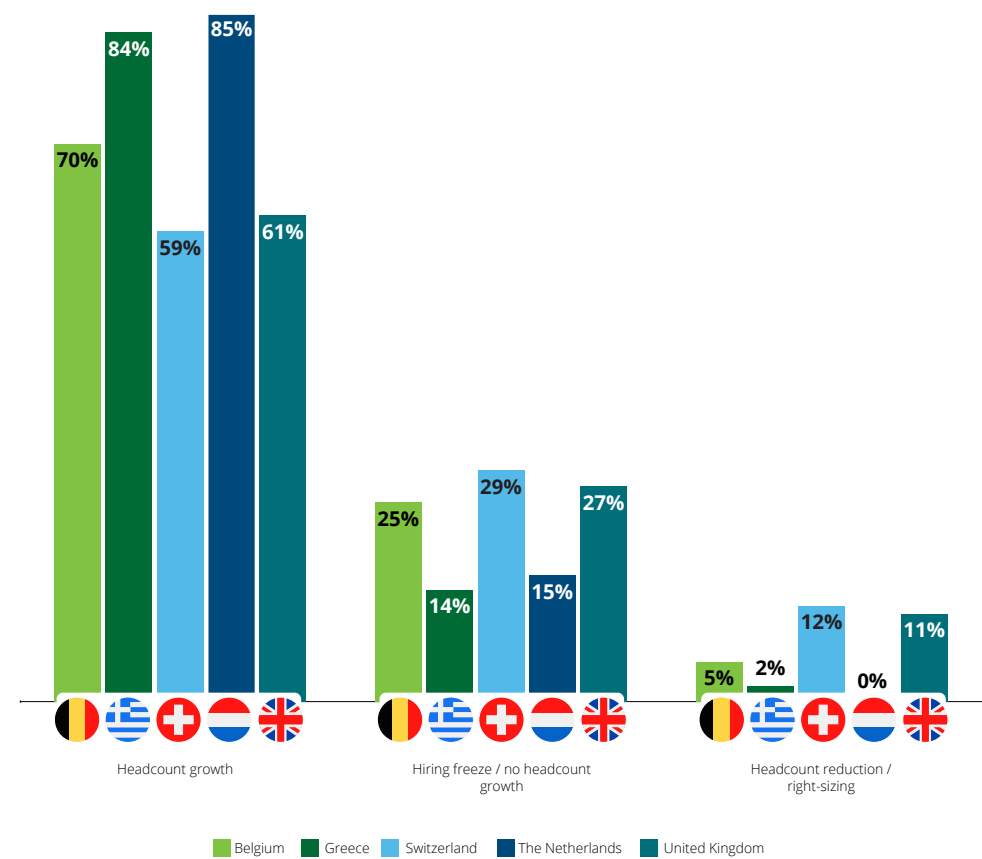
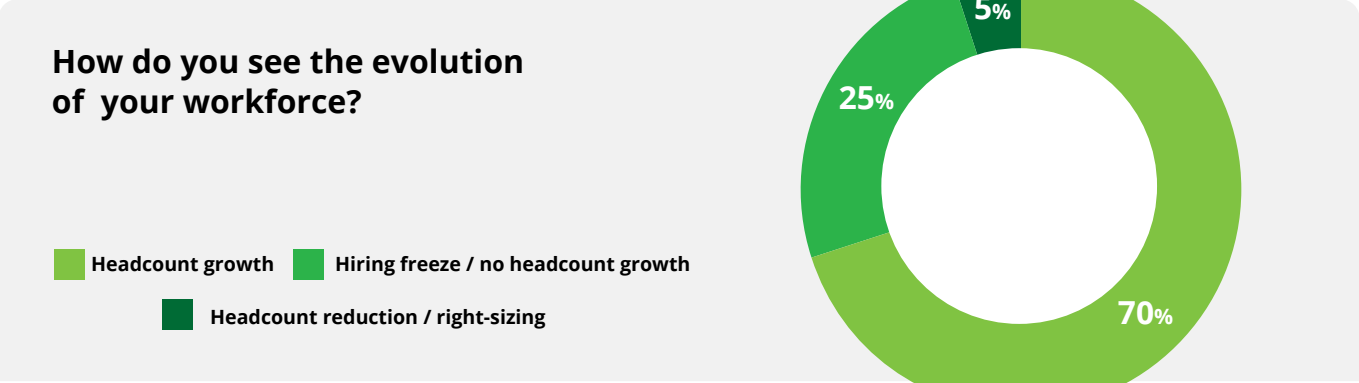


"Scale-ups remain conservative regarding their workforce growth. Finding the right technology and commercial talent remains a considerable challenge."



6. Talent & Organisation

Across all countries, scale-ups primarily aim to increase their workforce, signalling a collective focus on further growth and increased employment opportunities. Regarding geographical differences, Greece and the Netherlands demonstrate higher levels of optimism, anticipating growth rates exceeding 80%. In contrast, Switzerland and the UK take a more cautious approach, with expected headcount growth rates of 59% and 61%, respectively.



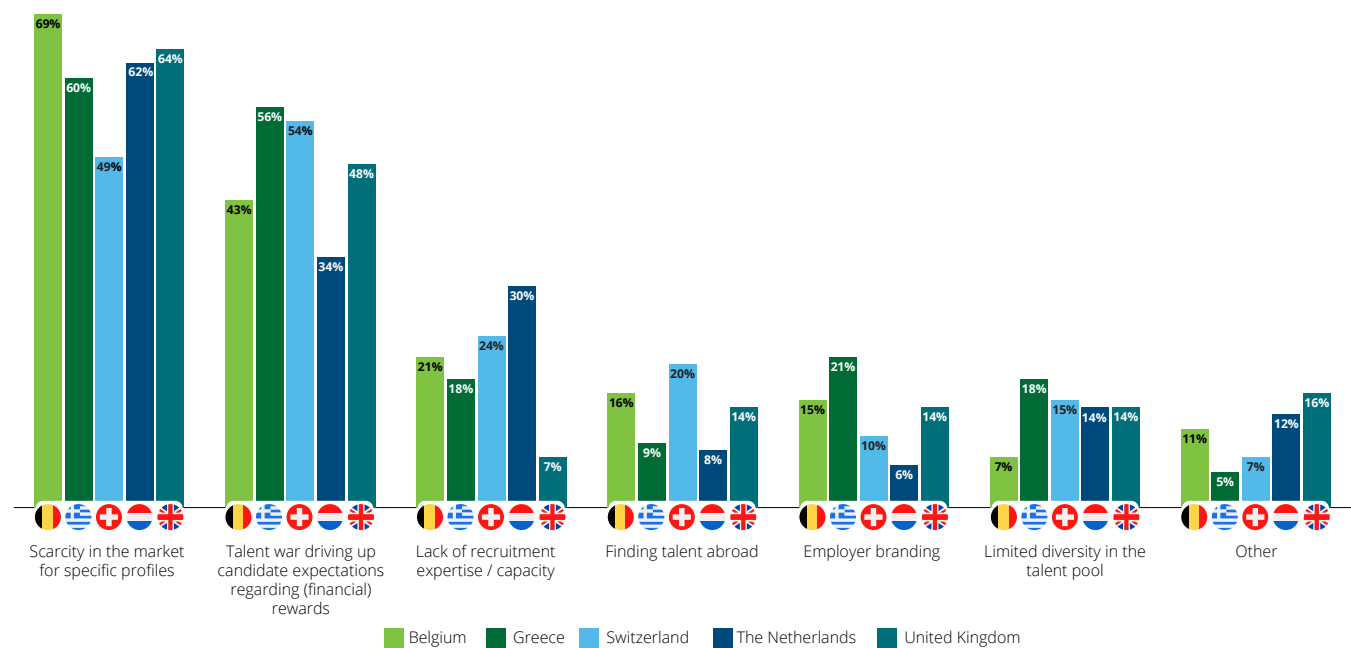
Source: Deloitte Confidence Survey, June 2024, N Belgium = 191, N Greece = 57, N Switzerland = 42, N The Netherlands = 50, N the UK = 48

What do you see as the main hurdles in attracting and retaining talent?

In most countries, the main hurdle to attract and retain talent is the **scarcity in the market for specific profiles**, followed by a **talent war driving up candidate expectations regarding (financial) rewards**.

However, Switzerland presents the opposite scenario where candidate expectations outweigh the scarcity of specific profiles.

Candidate expectations seem to be less pressing in the Netherlands (34%) compared to the other countries.



Source: Deloitte Confidence Survey, June 2024, N Belgium = 191, N Greece = 57, N Switzerland = 42, N The Netherlands = 50, N the UK = 48

Zoom in investor interview



Antigoni Lympelopoulou (HDBI – Greece)

1. Could you please comment on the main challenges start-ups in Greece face on the operational side? What are the actions taken to deal with those challenges that you see?

Start-ups in Greece, like in many other countries, face a variety of operational challenges that may impede their growth and success. Some of the main challenges include:

- **Bureaucracy and Regulation:** Greece has traditionally been known for its complex bureaucratic procedures and regulatory environment, which can be daunting for start-ups to navigate. Obtaining necessary permits, licenses, and dealing with red tape can consume valuable time and resources. Of course, during the past 5 years things are looking brighter and many of those obstacles are being alleviated. The Greek government plays a crucial role in streamlining bureaucratic processes, reducing regulatory burdens, and implementing policies that promote entrepreneurship and innovation. Initiatives such as creating start-up-friendly regulatory frameworks are already being executed, while offering tax incentives can seriously encourage entrepreneurship and private investments.
- **Access to Funding:** Access to capital is crucial for start-ups to scale their operations, but in Greece, the availability of venture capital private capital and other forms of funding may be limited compared to more developed start-up ecosystems. This lack of funding options can hinder growth and innovation. On the other hand, HDBI has secured and is channeling enough funds to de-risk investments and ensure public money availability and support. To attract investment capital, both domestically and internationally, the establishment of funds can help address the funding gap for Greek start-ups, at least for the equity and quasi-equity part. Other tools that are being used - and must be empowered further - include providing grants or subsidies for start-ups, and facilitating connections with angel investors and venture capitalists. HDBI is actively participating in every action that aims at enabling access to finance for SMEs, whether directly or indirectly.
- **Market Size and Competition:** Greece has a relatively small market compared to other European countries, which can pose challenges for start-ups looking to scale. Additionally, competition within the domestic market can be intense, making it difficult for new entrants to establish themselves. The solution HDBI's funds are exploring, focuses on the internationalisation of the companies they invest in.
- **Infrastructure and Resources:** Infrastructure in Greece, particularly in terms of digital infrastructure and support services for start-ups, may not be as developed as in other countries, although this gap is fast closing. More important problems are limited access to resources such as skilled talent, co-working spaces, and accelerators/incubators. HDBI under its capacity of the Sovereign FoF of Greece, is continuously seeking to strengthen initiatives that provide infrastructure and increase the availability of resources through efficiency and effectiveness: the National Accelerator is a "school of excellence" for innovative teams, while investments of HDBI's funds have managed to attract talent from abroad. It participates in European initiatives, attracts global investors, organises local forums, participates and supports international ones. These initiatives increase international visibility for Greek SMEs and help foster a sense of community and collaboration within the start-up ecosystem.
- **Mindset and Risk Aversion:** There may be a cultural mindset that is more risk-averse compared to other entrepreneurial ecosystems. Fear of failure and/or technology associated with it can discourage individuals from taking entrepreneurial risks and pursuing innovative ventures. Providing entrepreneurship education success stories, providing support networks for entrepreneurs, and promoting a culture of innovation can all contribute to creating a more conducive environment for start-ups in Greece and all those initiatives have and will continue to be part of HDBI's portfolio and training programmes can help cultivate a more entrepreneurial mindset among Greeks and equip aspiring entrepreneurs with the skills and knowledge needed to succeed in the start-up world. This includes training in areas such as business development, marketing, finance, and technology. Although education is a national effort, HDBI is making its own efforts to change cultural attitudes towards risk and failure that can help encourage more Greeks to pursue entrepreneurship. Celebrating entrepreneurial success stories, providing support networks for entrepreneurs, and promoting a culture of innovation can all contribute to creating a more conducive environment for start-ups in Greece and all those initiatives have and will continue to be part of HDBI's portfolio.

Zoom in investor interview

2. What does the Greek ecosystem need the most in your view to support each other towards further growth? What's on the way of Greece becoming Europe's Silicon Valley?

To support further growth and foster the development of a vibrant start-up ecosystem in Greece, several key elements are needed:

- **Encouraging collaboration** and networking among entrepreneurs, investors, academia, and government agencies is crucial. Building strong connections within the ecosystem can facilitate knowledge sharing, resource allocation, and access to opportunities. HDBI has built its reputation upon its openness and sharing; it leads by example for the Greek ecosystem to follow and early signs are encouraging.
- **Increasing access to funding**, targeted to those worthy of it and coming both through public and private sources, is essential for the growth of Greek start-ups. HDBI acts in establishing venture capital funds, in fostering the provision of grants and lobbying for incentives, and in attracting investment from both domestic and international sources. As the economy is getting stronger and SMEs bigger, banks are to play a complementary role.
- **Investing in entrepreneurship** education and support programs can help equip aspiring entrepreneurs with the skills, knowledge, and resources needed to succeed. This includes initiatives such as training programmes, mentorship networks, and support services for start-ups at various stages of development.
- **Implementing policy and regulatory reforms** to create a more favorable environment for entrepreneurship and innovation is crucial and this is evident during the past five years, when such reforms have taken place. Best practices suggest more streamlining of bureaucratic processes, reduction of regulatory burdens, and implementation of tax incentives and other supportive measures for start-ups are necessary.
- **Encouraging investment in research and development (R&D)** and fostering collaboration between universities, research institutions, and the private sector can drive innovation and the development of new technologies, products, and services. The government has passed legislation facilitating technology transfer from public universities. What is essential is that the universities act upon this legislation.
- **Promoting a cultural shift** towards entrepreneurship, risk-taking, and innovation is essential. This includes celebrating entrepreneurial success stories, challenging the stigma associated with failure, and instilling an entrepreneurial mindset in the education system and broader society.

Regarding Greece's potential to become Europe's Silicon Valley, while it's ambitious, it's not entirely unattainable. However, several factors may be hindering its progress and need collective effort to be overcome:

- Greece's relatively small market size compared to other European countries can limit the growth opportunities for start-ups, particularly those targeting domestic markets. Expanding into international markets can help mitigate this limitation but requires additional resources and support.
- Greece has faced economic challenges in the past, which may have affected investor confidence and the overall perception of Greece as a hub for innovation and entrepreneurship. Rebuilding trust and confidence in the Greek economy and start-up ecosystem is crucial for attracting investment and talent.
- While progress has been made in developing infrastructure to support start-ups, further investments are needed to enhance the ecosystem's capabilities. This includes improving access to funding, talent, mentorship, and other support services. Recent actions for "talent visas" show that the government is dedicated to this cause.
- Greece faces competition from other established start-up ecosystems in Europe, such as Silicon Valley, London, Berlin, and Tel Aviv. Overcoming this competition requires unique value propositions, niche specialisation, and a concerted effort to differentiate Greece's offering.
- **Long-Term Commitment and Sustainability:** Building a thriving start-up ecosystem takes time and requires long-term commitment from all stakeholders, including the government, private sector, academia, and civil society. Sustainable growth requires continuous investment, innovation, and adaptation to changing market dynamics.

In conclusion, while Greece faces significant challenges on its path to becoming Europe's Silicon Valley, it also possesses considerable potential and assets, including a highly educated workforce, a rich cultural heritage, and a strategic geographical location. By addressing the key challenges and leveraging its strengths, Greece can position itself as a leading hub for innovation and entrepreneurship in Europe.

Zoom in investor interview

3. How do you see the ecosystem developing in the next 3-5 year?

Predicting the future development of any ecosystem, including Greece's start-up ecosystem, involves a degree of uncertainty. However, based on HDBI's experience and accumulated wisdom, current trends and potential areas of focus, HDBI believes in continued growth and maturation. With ongoing efforts to support entrepreneurship and innovation, Greece's start-up ecosystem will continue to grow and mature. This would involve an increase in the number of start-ups, greater access to funding, and the emergence of success stories that attract further investment and talent. To achieve this, we believe in diversification of industries. While certain sectors such as technology, tourism, and food/agriculture may continue to dominate the start-up landscape, there could be a diversification into new industries and niche markets. Emerging sectors such as renewable energy, healthcare, and advanced manufacturing may present opportunities for innovation and growth. Of course, for any growth to take place, Greek start-ups must increasingly look beyond domestic markets and expand into international markets to drive growth. This involves partnerships, joint ventures, and acquisitions with foreign companies, as well as participation in global accelerator programmes and entrepreneurship networks.

There are several reasons to believe that the Greek government will continue supporting the ecosystem through continued efforts to streamline bureaucracy, reduce regulatory burdens, and implement supportive policies for start-ups could further enhance the ecosystem's attractiveness to entrepreneurs and investors. This includes initiatives such as tax incentives, grants, and funding programs specifically tailored to support start-up growth. The next big challenge will be to combine efforts to attract and retain skilled talent, including entrepreneurs, developers, marketers, and other professionals, which will be crucial for the ecosystem's success. This could involve initiatives such as talent retention programmes, immigration policies for skilled workers, and partnerships with universities and research institutions to develop talent pipelines. In addition to HDBI's efforts, recent announcements by the Greek government about the provision of visas makes us believe that this challenge can be tackled.

Overall, the future development of Greece's start-up ecosystem will depend on a combination of factors, including government policies, private sector investment, entrepreneurial activity, and global market trends. While challenges remain, there is significant potential for growth and innovation in the years ahead.

4. What are the key lessons you would like to share with fellow entrepreneurs in terms of achieving success?

Define Your Purpose: this applies for everyone, including the Sovereign FoF of Greece. Everyone must understand the why behind the venture. What problem are you solving, and why does it matter? Having a clear sense of purpose will guide your decision-making and keep you focused during challenging times.

Embrace Failure as a Learning Opportunity: Failure is an inevitable part of the journey. Instead of viewing it as a setback, embraced it as an opportunity to learn, grow, and iterate. Each failure brings valuable insights that can inform future decisions and increase the chances of success.

Focus on Continuous Learning: The business landscape is constantly evolving, so for an investor it's essential to stay curious and committed to continuous learning.

Build a Strong Support Network: Surround yourself with mentors, advisors, peers, and supporters who can provide guidance, feedback, and encouragement. Building a strong support network can help navigate challenges more effectively and stay motivated during the ups and downs of entrepreneurship as well as - and sometimes more importantly - of public sector!

Prioritise Resilience and Perseverance: Entrepreneurship and investing is a marathon, not a sprint. It requires resilience, perseverance, and the ability to bounce back from setbacks. Stay focused on long-term goals, and don't let temporary obstacles derail progress.

Listen to Your Ecosystem: Our ecosystem is our greatest source of feedback and validation. Take the time to listen to needs, preferences, and pain points, and use this information to iterate and improve.

Be Agile and Adaptable: The business landscape is unpredictable, so it's essential as an investor to be agile and adaptable. Experiment with new idea, and iterate based on feedback and market trends. For example HDBI is continuously considering modifying its calls, their contents and basic requirements according to the shift of the industry.

Zoom in investor interview

Focus on Building Relationships: Building strong relationships with all stakeholders such as employees, investors, and partners is critical for long-term success. HDBI invests time and effort in nurturing these relationships and prioritising trust, transparency, and mutual respect.

Stay True to Your Values: As you grow your business and portfolio of investments, it's essential to stay true to core values and principles. Integrity, authenticity, and ethical behavior are crucial for building trust and credibility with stakeholders.

Celebrate Milestones and Successes: Our industry can be challenging, so it's important to celebrate our achievements along the way, always maintaining a humble profile.

5. The current macroeconomic environment can be characterised as challenging. What are your predictions and assessment of the fundraising and M&A trends in 2024?

Fundraising and M&A trends are based on historical patterns and potential macroeconomic factors:

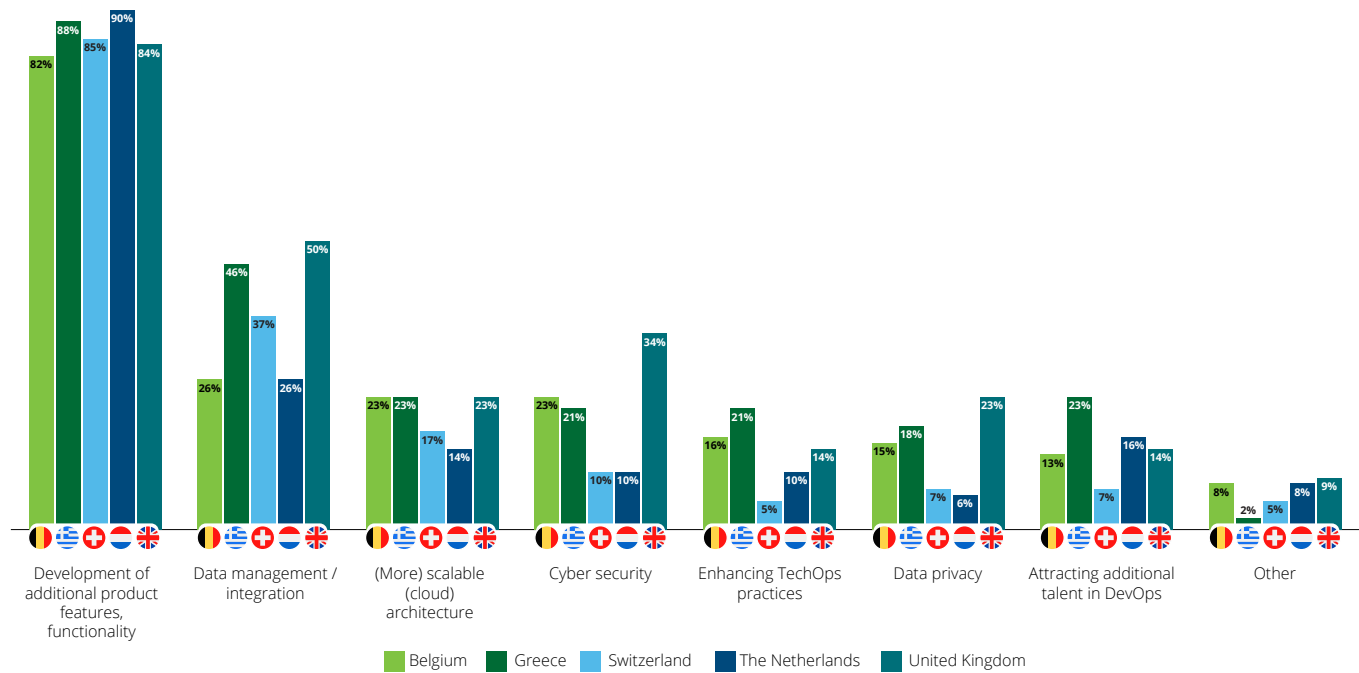
- Geopolitical factors such as geopolitical tensions, trade disputes, geopolitical instability, and geopolitical risks can create uncertainty and volatility in financial markets, impacting investor confidence and deal-making activity. Greece has had its share of those tensions and proves to be resilient but cannot possibly be immune.
- The overall state of the economy, including factors such as GDP growth, inflation, interest rates, and unemployment rates, can significantly influence fundraising and M&A activity. In a challenging macroeconomic environment characterised by economic uncertainty or downturns, investors may be more cautious, leading to a slowdown in fundraising and M&A transactions. Although Greece is expected to be one of the most promising international destinations in the near future, it is not immune from the overall state of the global economy.
- Investor confidence is another crucial factor in driving fundraising and M&A activity. Positive economic indicators, favorable market conditions, and confidence in the business environment can encourage investors to deploy capital and pursue strategic acquisitions in Greece in recent years.
- Different industries may experience varying levels of fundraising and M&A activity depending on their resilience to economic downturns, technological advancements, regulatory changes, and other factors, proving the value of diversification. Industries such as technology, healthcare, and renewable energy may continue to attract significant investment and M&A interest due to long-term growth prospects and innovation potential. Greece is fortunately active in many of those, providing a good defensive platform for the near future.
- Market sentiment and valuations can impact fundraising and M&A decisions. High valuations that have been reported in recent years may deter investors and acquirers, while lower valuations may present attractive opportunities for strategic acquisitions or investment.
- Market volatility and fluctuations in asset prices can also influence investor behavior and deal activity. Greece, being a relatively new VC market suffers little from those issues.
- Regulatory factors, including changes in government policies, tax laws, trade agreements, and antitrust regulations, can impact fundraising and M&A activity. Uncertainty or regulatory hurdles may delay or deter transactions, while favorable regulatory conditions may facilitate deal-making. The ongoing digital transformation and technological advancements across industries can shape fundraising and M&A trends. Companies that offer innovative solutions, digital capabilities, and scalability may attract greater investor interest and acquisition opportunities. Greece is just improving along all those necessities, thus may prove to be a safe haven for investments.

Overall, while it's challenging to predict specific fundraising and M&A trends for 2024, and although early signs suggest a rough climb ahead, the sheer fact that technological discoveries and breakthroughs are thriving suggests that sound strategies will fundraise and plausible M&As will materialise.

7. Technology Scalability & Security

What are the technology investment priorities for your company?

The results of the 2024 Confidence Survey indicate that scale-ups are prioritising **the development of additional features or functionalities, data management and integration, and (more) scalable (cloud) architecture**. In Switzerland, the emphasis on cybersecurity is higher compared to the other regions (34%).

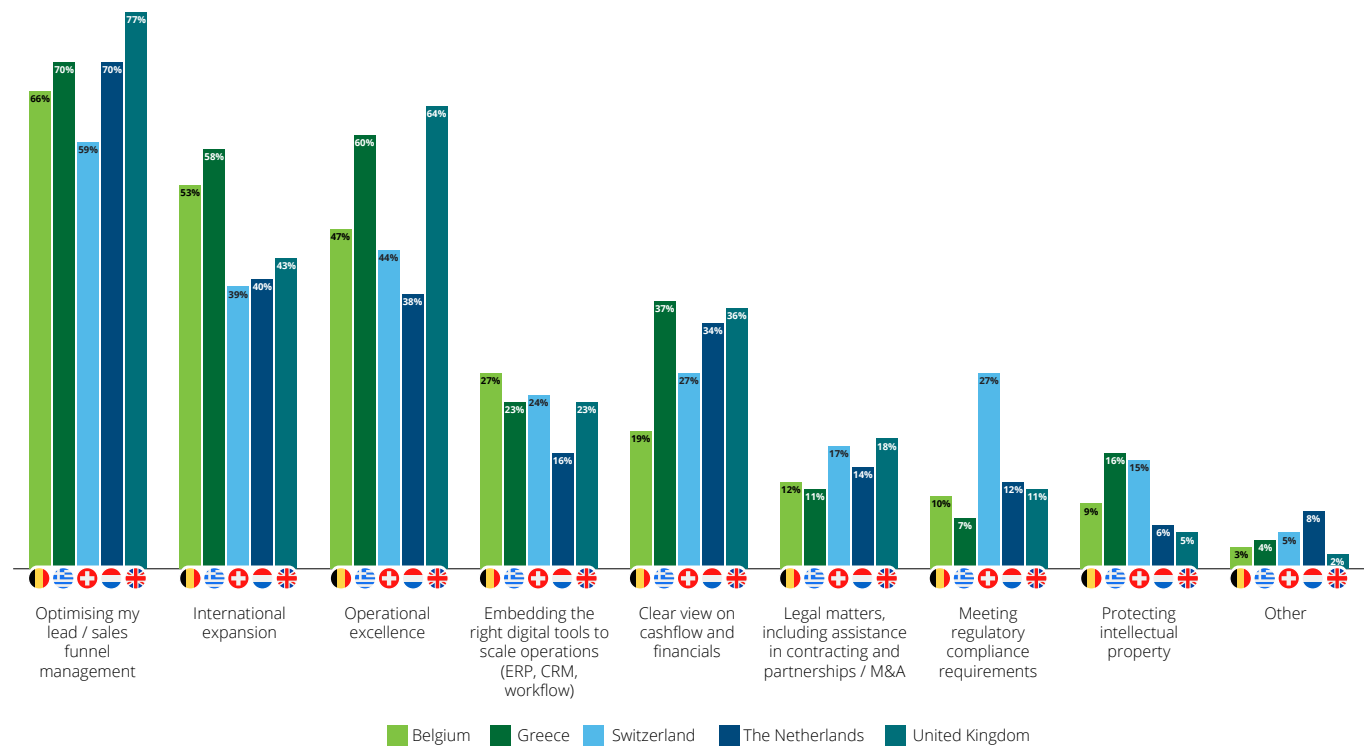


Source: Deloitte Confidence Survey, June 2024, N Belgium = 191, N Greece = 57, N Switzerland = 42, N The Netherlands = 50, N the UK = 48

8. Digital Operations

For which of the below items do you see most improvement potential within your company?

European scale-ups have identified three key areas with the most potential for improvement in digital operations: **optimising lead/sales funnel management, international expansion, and operational excellence.** Improving lead/sales funnel management involves leveraging data and analytics to better understand customer behaviour and preferences, and implementing more effective marketing and sales strategies. International expansion offers significant growth opportunities for scale-ups, while operational excellence involves streamlining internal processes, improving supply chain management, and leveraging technology to automate and optimise operations.



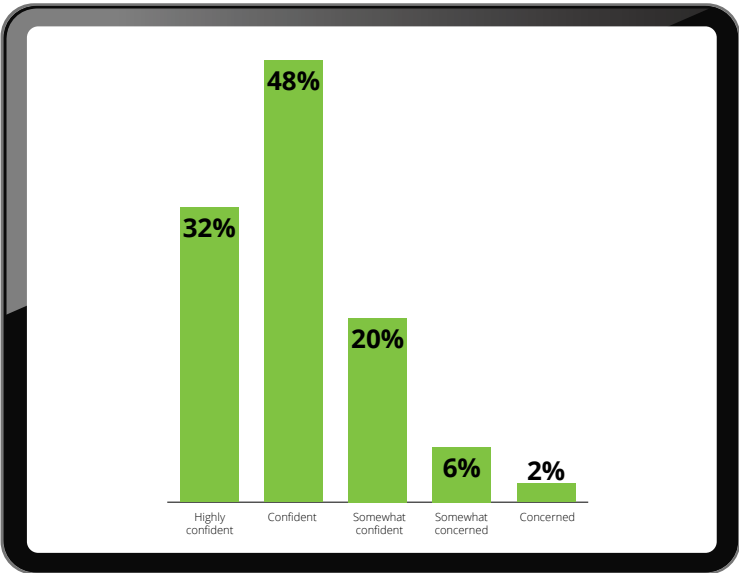
Source: Deloitte Confidence Survey, June 2024, N Belgium = 191, N Greece = 57, N Switzerland = 42, N The Netherlands = 50, N the UK = 48


“While scale-ups remain rather confident, the changing market conditions have negatively impacted their future growth ambitions and optimism.”



9. Conclusion: Scale-Ups Confidence

How confident are you that your business can continue or even accelerate its growth trajectory?²¹





2024 Confidence Scores per geography

Belgium	7.7/10
Greece	8.3/10
Switzerland	7.3/10
The Netherlands	8.5/10
The UK	7.9/10

The 2024 Scale-Ups Confidence Survey provides valuable insights into the current state and future aspirations of scale-ups across Belgium, Greece, Switzerland, the Netherlands, and the United Kingdom. Overall, the survey paints a picture of an optimistic and ambitious scale-up landscape across the surveyed countries, albeit one that is not without its challenges.

Each country's scale-up ecosystem has its own unique characteristics and level of maturity. In Belgium and Switzerland, for instance, the ecosystems are in a phase of maturation. These markets are currently readjusting after periods of high valuations, indicating a move toward stabilisation. Additionally, Switzerland is a typical example where the scale-ups ecosystem is significantly influenced by dominant sectors that play a crucial role in nurturing and driving emerging ventures forward. The Greek scale-up ecosystem has seen significant growth and maturity in a relatively short period, particularly through the creation of a solid national VC funding scene as well as other initiatives pursued by the government.

In contrast, there is less intervention from the government in the UK. Additionally, there is a notable trend of ventures moving toward the US, raising questions about whether increased governmental support might help retain innovation within the UK. Finally, the Netherlands is operating in a rather fragmented manner, where different stakeholders could collaborate more closely, and continued government support is beneficial.

Despite these individual characteristics, these countries collectively form part of the broader European market. Greater unity and cooperation both within and between countries could substantially benefit ventures and enhance innovation across Europe. Promoting closer collaboration and strengthening ties would drive innovation and strengthen Europe's competitive edge in the global scale-up landscape.

Source: Deloitte Confidence Survey, June 2024, N Belgium = 191, N Greece = 57, N Switzerland = 42, N The Netherlands = 50, N the UK = 48



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