

2018 TIP

ADDRESSING THE SCALE-UP CHALLENGE

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Tech Innovation Platform
April 4, 2018

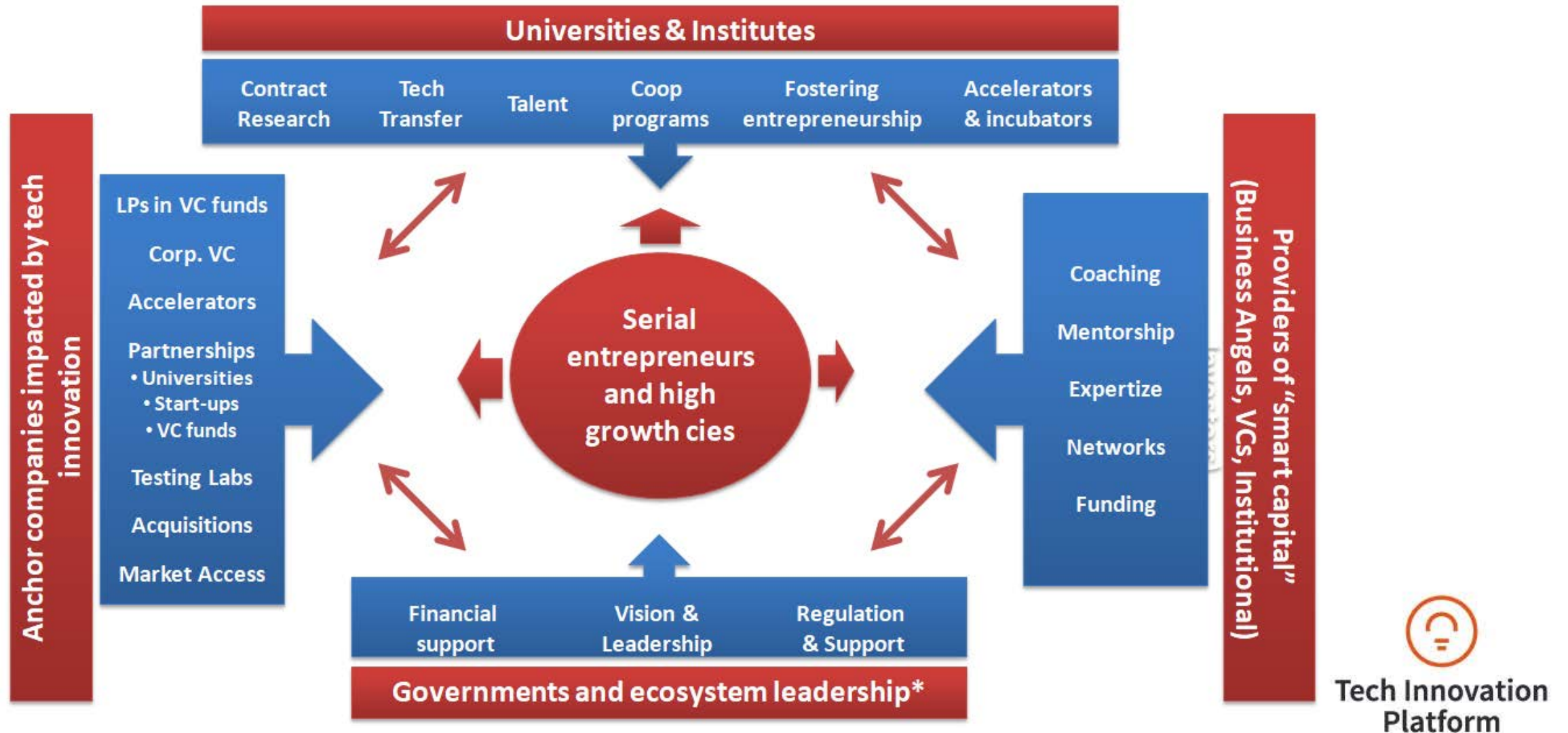


THE TECH INNOVATION PLATFORM (“TIP”)

- Independent, not-for-profit and by-invitation only international meeting
- Part of the QCC
- Successor of the Public Policy Forum on Venture Capital and Innovation (“PPF”)
- Mission: foster collaboration among main stakeholder groups of tech innovation ecosystems to
 - Reach common views on what has to change;
 - Share experience about what has worked;
 - Build relationships of trust and develop communities of interest that will lead to tangible outcomes.



AN ECOSYSTEMIC APPROACH



THE SCALE-UP CHALLENGE



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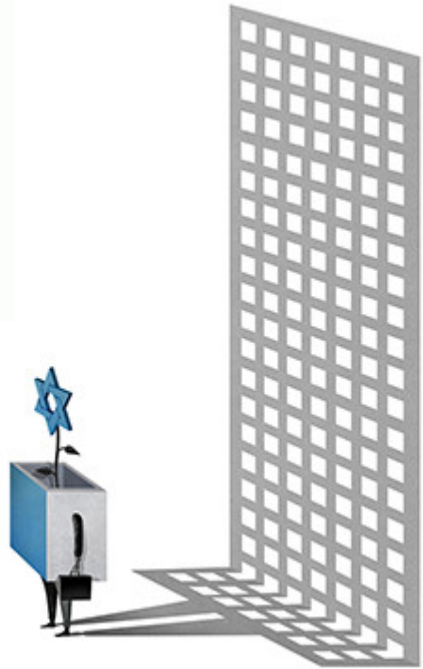
ISRAEL: THE SCALE-UP NATION?

The scale-up nation

Israel is trying to turn its Davids into Goliath

**The
Economist**

December 11th 2014



Brett Ryder

Israel recognized as the “Start-up Nation”

However:

- Only 1 large tech company (Teva)
- Declining share of tech employment
- Companies moving to the US or bought by US companies
- Value captured outside the country

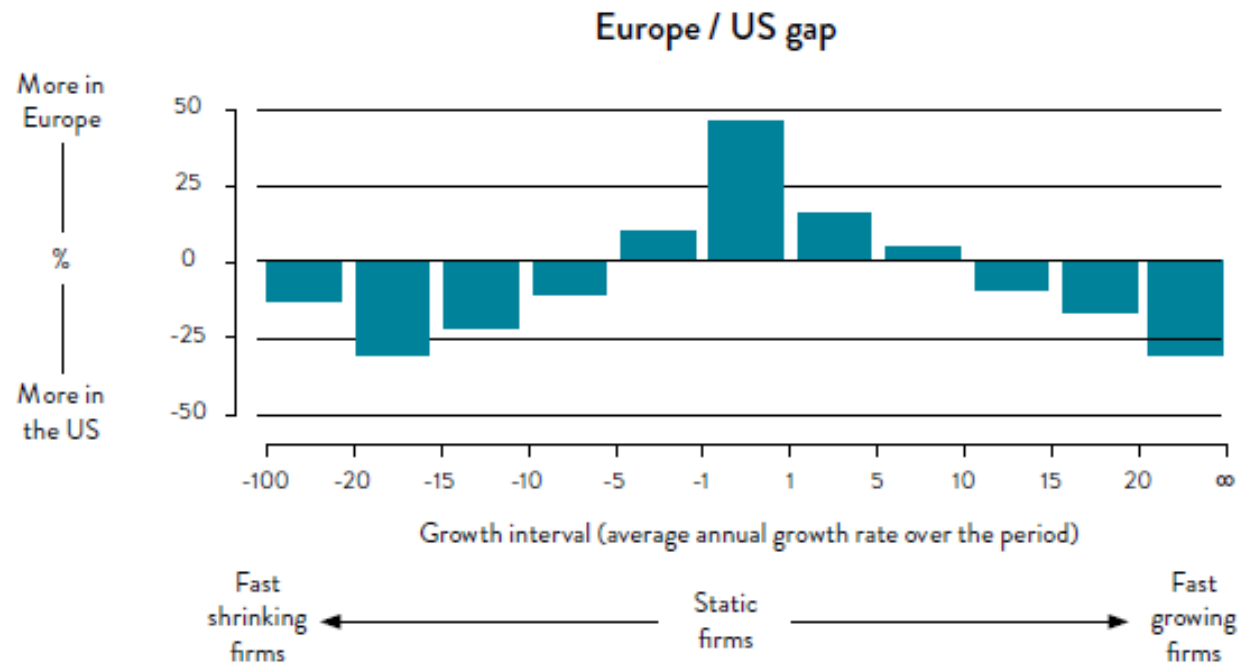


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UK: THE SCALE-UP REPORT

- “A ‘scale-up’ is an enterprise with average annualized growth in employees or turnover greater than 20 per cent per annum over a three year period, and with more than 10 employees at the beginning of the observation period”

Chart 1.1: The difference in average annual company growth rate between Europe and US



Disproportionate impact on:

- Job creation
- Quality of jobs
- Economic growth
- Productivity gains



EUROPE

The international dimension of the problem

- 1 out of 7 European scale-ups move their headquarters and part of their value chain abroad:
 - US 83%: Silicon Valley 42%, New-York 22%
 - Other European country 14%: London 9%
- Dual companies raise 30% more funding than domestic scale-ups
- Dual companies grow faster and produce positive externalities: wealth creation, talent, role model

Scale-ups: fast growing, high-tech companies that have raised at least 1MS with at least one round after 2010

- A trend towards dual companies
- Is Europe witnessing a scale-up relocation?

Source: "European Dual Companies – Scaleup Migration?", 2017



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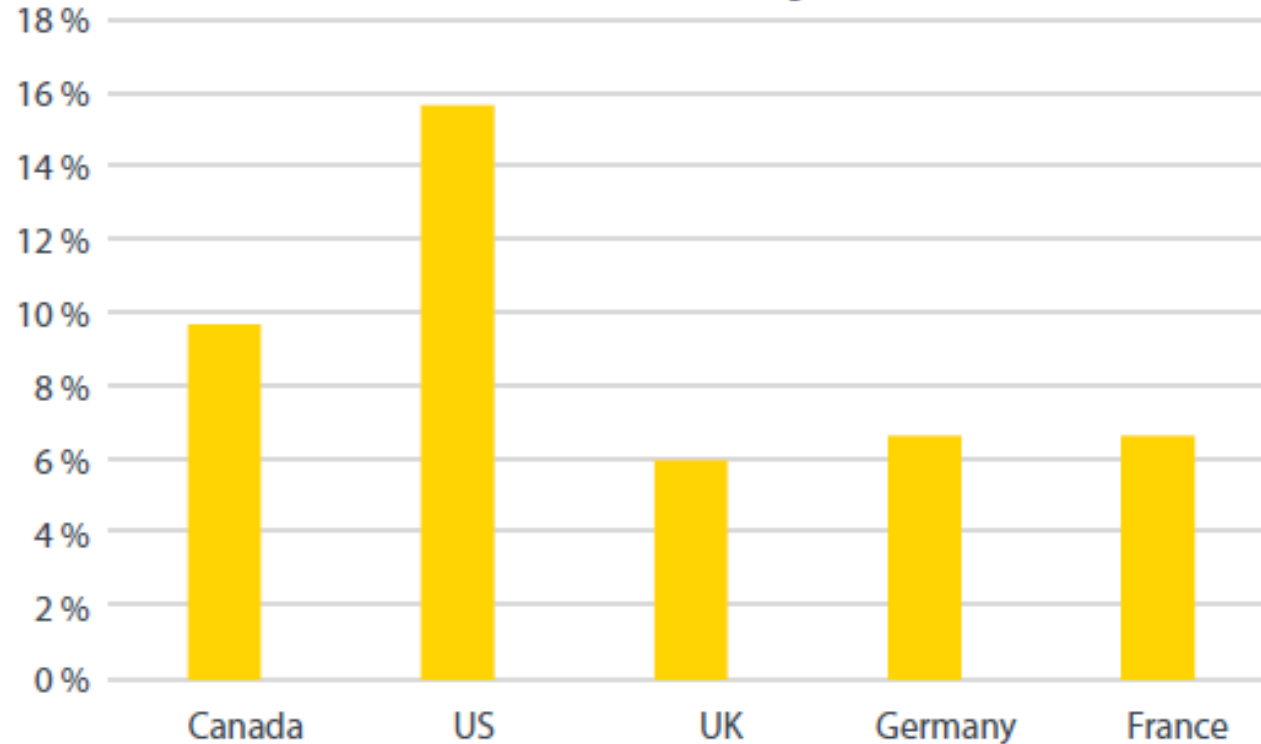
CANADA

Later stage company: company that received more than US\$ 10M in total funding

% of Later Stage Companies – Major Countries

Figure 4

Source: CB Insights



Canadian context

- Innovation gap
- Productivity gap
- Scale-up gap

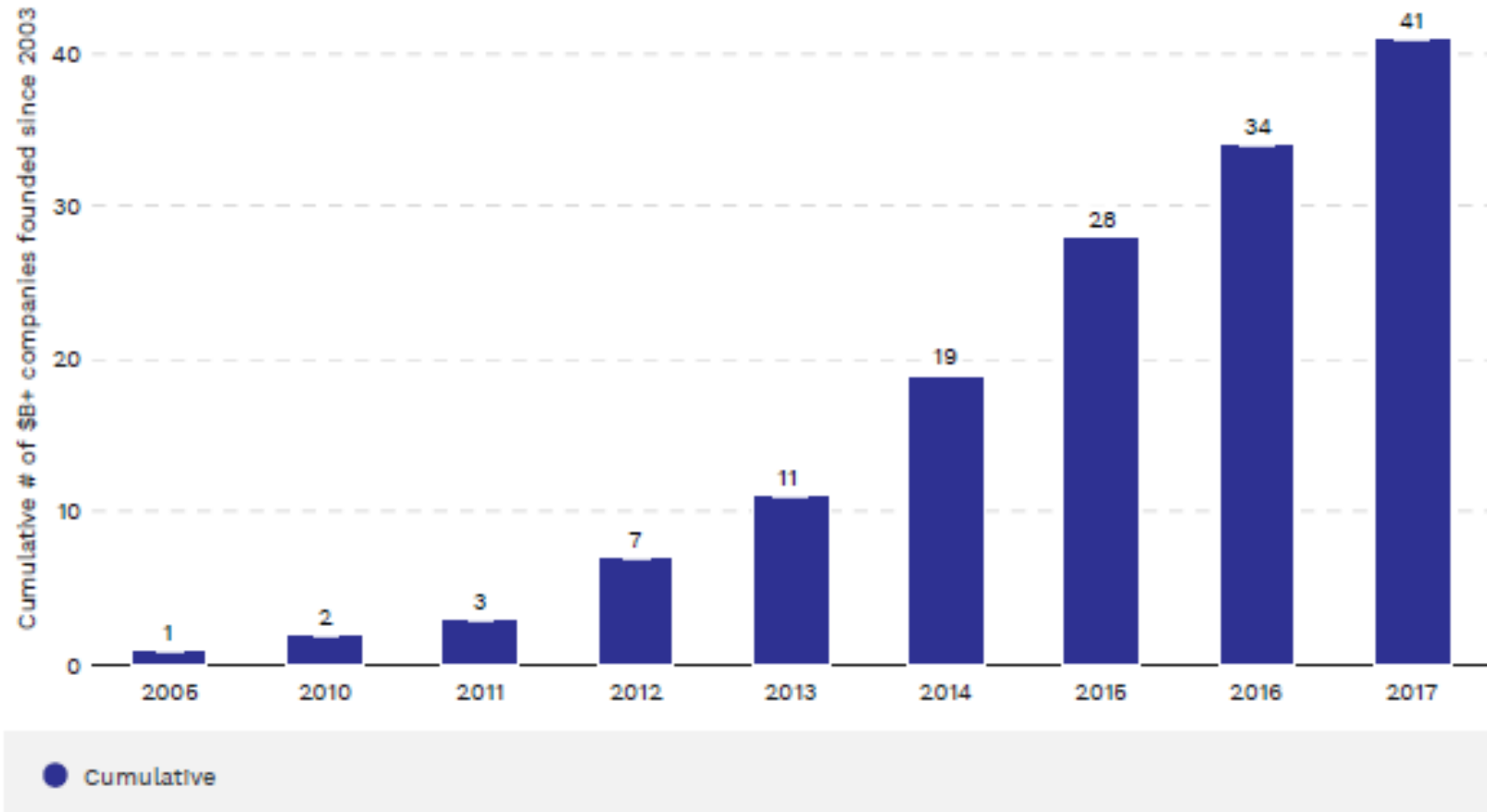
Source: "Measuring Canada's Scaleup Potential", 2018



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THE SITUATION IS IMPROVING...

Number of European \$bn companies founded since 2003



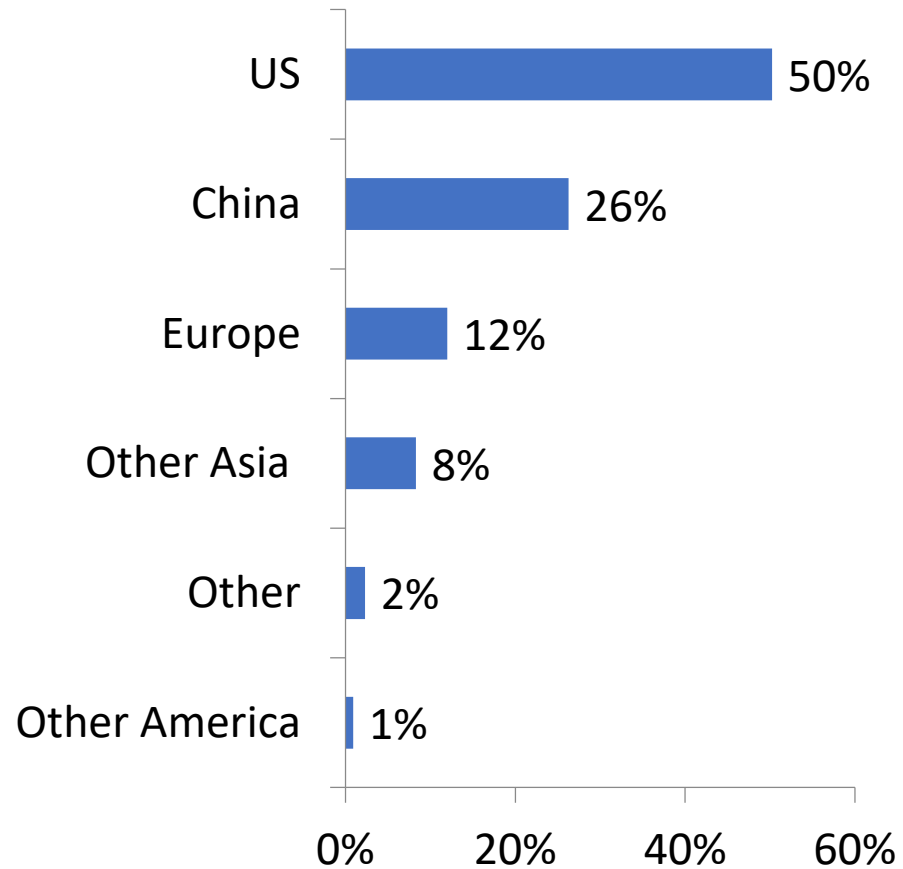
Source: Atomico, "The State of European Tech", 2017



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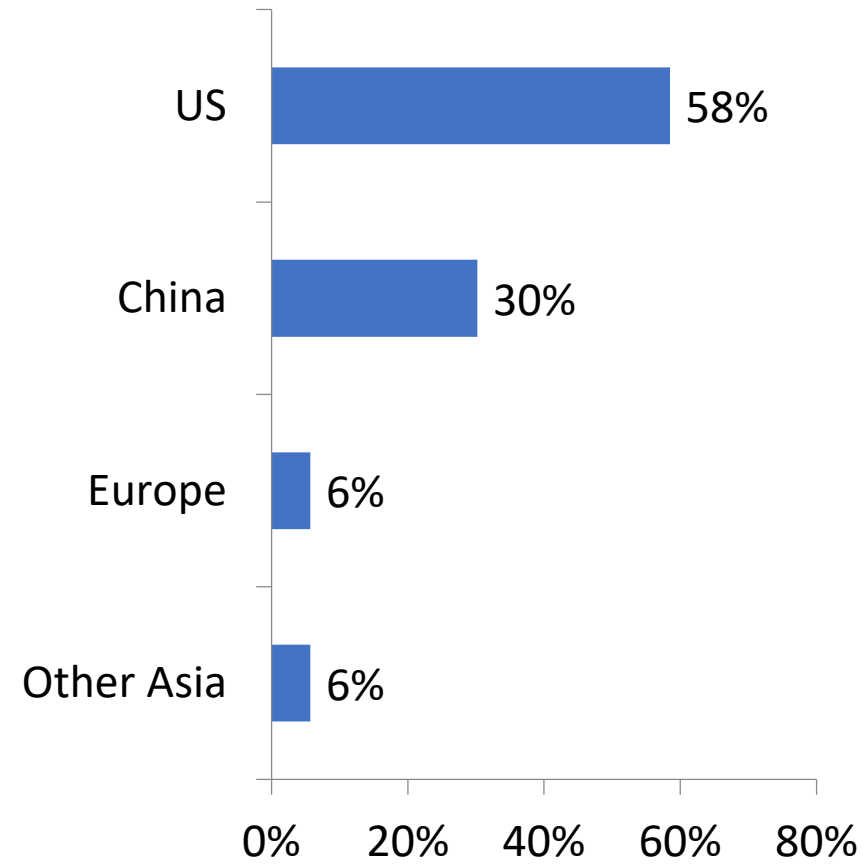
...BUT A GAP REMAINS

Total number of unicorns (mid 2017 – n =217)



Source: CB Insight

New 2017 unicorns (n=53)



Source: Pitchbook



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THE CAUSES (UK REPORT)

Companies have issues:

- Finding employees to hire who have the skills they need
- Building their leadership capability
- Accessing customers in other markets / home market
- Accessing the right combination of finance
- Navigating infrastructure

Talent

Talent

Access to market

Access to capital

Access to infrastructure



FOCUSING ON THE RESPONSES

Supply of capital

- Supporting the creation of stronger and larger VC funds
- Direct investment and co-investment programs to support champions
- Attracting large international investors
- Increasing the availability of venture debt
- Facilitating secondary transactions for founders and early stage investors
- Enhancing liquidity on local stock exchanges or link with liquid international stock exchanges

Ecosystem support

- Training and mentoring programs for entrepreneurs
- Linking scale-ups with large corporations
- Cluster/vertical initiatives



PROGRAM OF THE DAY

Time	Event
8:30 am	SETTING THE STAGE
10:30 am	NETWORKING BREAK
11:00 am	REVIEWING INITIATIVES TO ADDRESS THE SCALE-UP CHALLENGE (PART I) <ol style="list-style-type: none">1. "Supply of capital to address the scale-up challenge"2. "Training and support dedicated to scale-up companies"
12:30 pm	NETWORKING LUNCH
2:00 pm	REVIEWING INITIATIVES TO ADDRESS THE SCALE-UP CHALLENGE (PART II) <ol style="list-style-type: none">3. "Vertical/cluster approaches"
2:55 pm	NETWORKING BREAK
3:15 pm	REVIEWING INITIATIVES TO ADDRESS THE SCALE-UP CHALLENGE (PART III) <ol style="list-style-type: none">4. "Involving corporations"
4:40 pm	CLOSING DISCUSSION: WHAT HAVE WE LEARNT?
5:00 pm	<i>END OF THE TECH INNOVATION PLATFORM</i>
6:00 pm	OPENING COCKTAIL RECEPTION OF THE QCC CONFERENCE



HOW ARE WE GOING TO WORK?

- Interactive
 - The app
 - Working groups
- Questions asked to the group leaders
 - Your reading of the challenge?
 - What is the initiative developed to address the scale-up challenge?
 - First results
 - Remaining challenges
 - Lessons learnt
- Closing session
 - What have we learnt?
- Chatham House Rule



WHO IS IN THE ROOM?

