



Nordic
Innovation



Pre-study on Nordic Scaleup Centre

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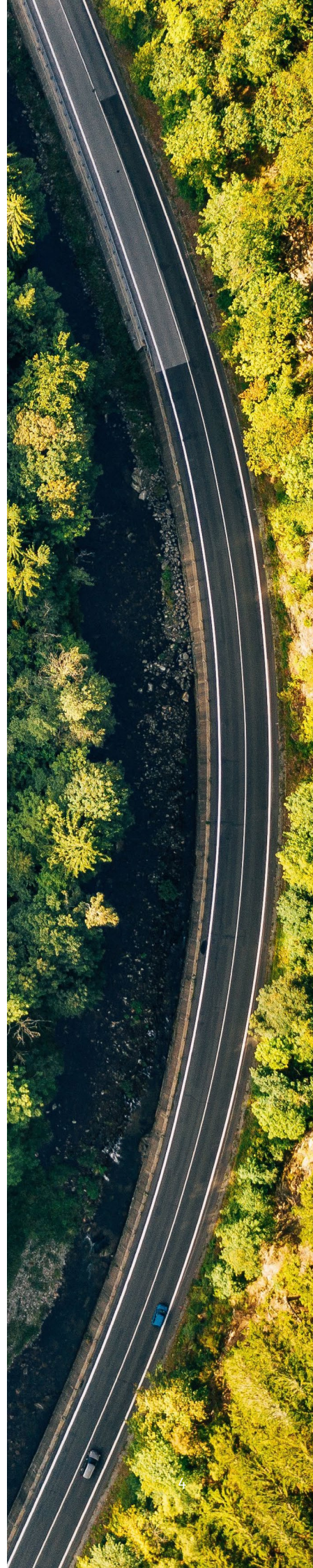
Foreword

Since 2017 Nordic Innovation has been running the Nordic Scalers programme, through various phases and in various forms, but always with the clear objective of addressing the needs of the Nordic Scaleup ecosystem and contribution to making the Nordics a leading region in the world, not only for starting up but also for scaling up businesses. Learning from peers is a core priority for Nordic scaleups, and it has also been a core priority for Nordic Innovation throughout the programme period. We have taken great inspiration from our colleagues outside of our region and we have built on their advice and recommendations. We would like to thank the ScaleUp Institute (in the UK), the Erasmus Centre for Entrepreneurship, Start-Up Nation Central, AustrianStartups and Kasvuryhmä/Growth Collective for sharing experiences and guiding us along the way to the next stage.

With this report we wanted to investigate if and how we can move on from project-based activities to more permanent structures, as highlighted in the summary. The report's overall conclusion is clear. Yes, there is both a need for and interest in establishing a Nordic Scaleup Centre. Our hope now is that the report and its recommendations can form a basis and serve as inspiration for members of the Nordic scaleup ecosystem that wish to take on the task.

Svein Berg

Managing Director of Nordic Innovation



Summary

This pre-study has aimed to identify options to set up and sustain a Nordic Scaleup Centre (NSC). The study has been commissioned by Nordic Innovation and conducted by 4FRONT and EFIS Centre.

The study has covered several aspects of the possible establishment of a Nordic Scaleup Centre (NSC as a working title). These aspects have included a potential scope, focus and objectives of the Centre, its organisational and ownership structure as well as a financing model for both the short-term and long-term period. In addition, a benchmarking analysis of five organisations was conducted to identify lessons and good practices for NSC. In addition to benchmarking, the methods used in the study included desk research, interviews, and workshops. As part of the study, a total of 37 stakeholders have been interviewed. The stakeholders represent different organisations and stakeholders from all Nordic countries: public authorities (ministries, agencies), private investors (VCs, banks), research organisations (universities, business schools) as well as grassroots level actors (e.g., associations, networks).

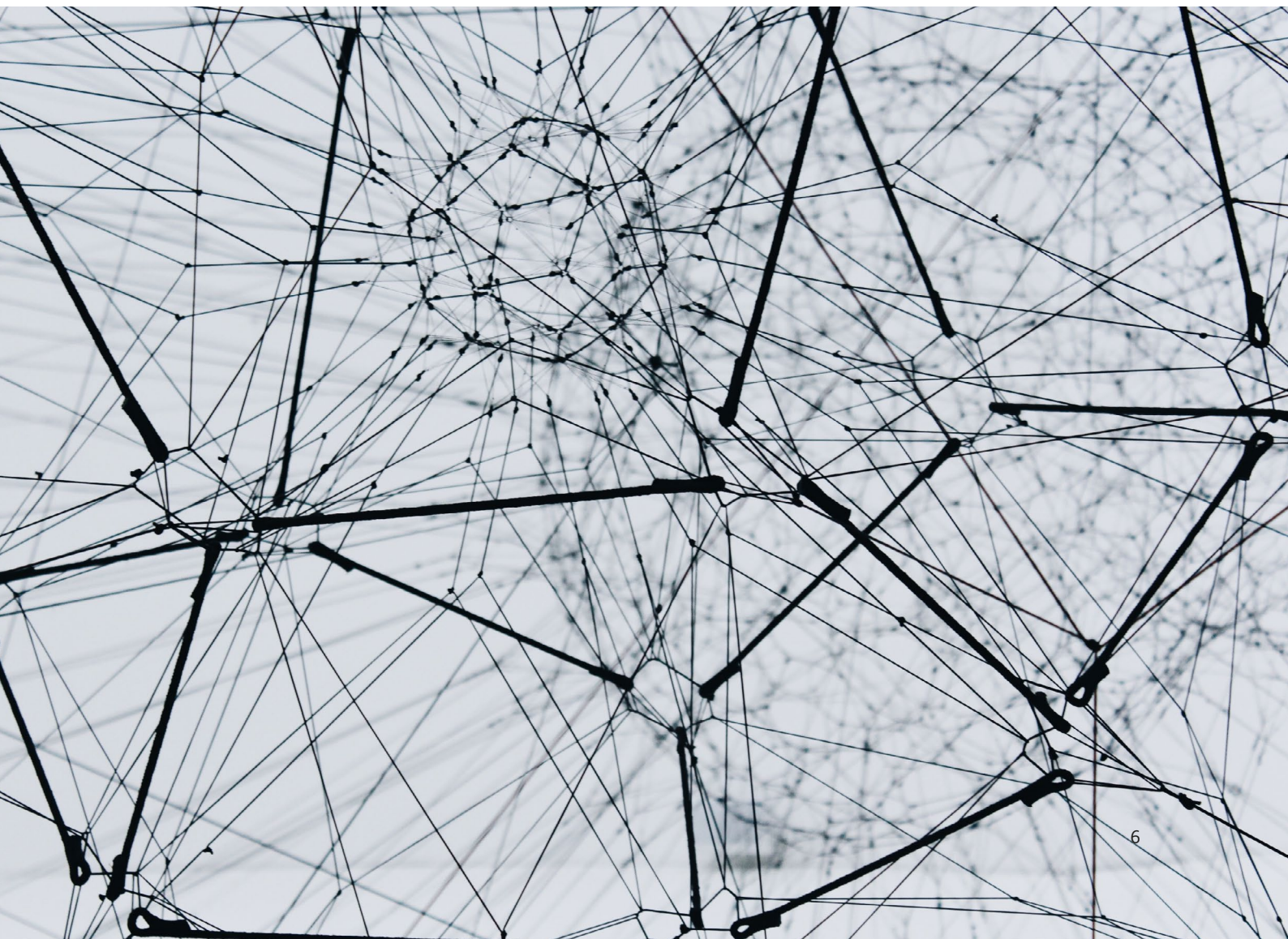
Based on the study findings, there is a clear need to raise awareness and increase the knowledge base around scaleups. In general, stakeholders see very positively an option to set up Nordic Scaleup Centre. While comprehensive and comparable data should be at the core of NSC, it should be accompanied by other activities, especially linked with policy analysis and recommendations.

The study recommends that efforts are made to establish a Nordic Scaleup Centre. The evidence from the benchmarking cases validates there exists a knowledge gap when it comes to scaleups not only in the Nordics but more widely among leading European countries. Therefore, the primary role and focus of a Nordic Scaleup Centre should be to increase the knowledge base around scaleups. The funding of NSC could be based on various streams of both public and private funding in the launch phase but the evidence from the benchmarking cases demonstrates the necessity of finding a self-sustaining business model in the longer run. Furthermore, the benchmarking cases speaks for the importance of having several

(private) funding sources to guarantee the independence of the Centre. To ensure broader commitment and initial funding base for the NSC, it is recommended that if Nordic Innovation and innovation agencies decide to provide seed funding, at least 50% of the funding should come from other sources (for instance from other public and private sources, incl. EU funding), and at least 25% from private sources such as Nordic corporations, scaleups, private investors, and foundations.

It is recommended, that the establishment of a Nordic Scaleup Centre is launched step-by-step and no permanent organisation is established before the model has been validated and piloted.

There are many open questions and options which need to be further tested and validated before establishment of a Nordic Scaleup Centre. It is especially important to ensure that there is 1) a group of potential 'founding organisations' capable and committed to collaborate in setting up and running the NSC, and 2) a credible plan for ensuring sufficient external funding. Therefore, it is recommended that as a next step, Nordic Innovation will launch a market dialogue process to survey more deeply the interest among potential drivers and financiers.



1.

Introduction



Objective of the study

The Nordic countries have been successful in producing promising startups with numerous policy initiatives and instruments that support their creation and development. However, the record on scaling these scaleups and increasing the density of scaleups is more mixed, indicating an untapped potential for improvements. For that reason, the focus of public policy making is increasingly geared towards creating the best enabling conditions for the scaling of businesses to boost growth, productivity, and competitiveness of the Nordic economies.

To realise this untapped potential and enhance the Nordic scaleup ecosystem, Nordic Innovation launched the **Nordic Scalers program** in 2017. Based on the learnings from the first phase, Nordic Innovation launched the **Nordic Scalers 2.0 program** (2021-2023). The goals of the Nordic Scalers 2.0 program are to:

- 01 provide support at the Nordic level to help scaleups accelerate and manage their next stages of growth through access to competences, connections, customers, and capital
- 02 develop the Nordic scaleup community building
- 03 brand the Nordics globally as a leading scaleup hub
- 04 raise awareness and increase knowledge base around scaleups
- 05 increase collaboration and shared learning among key stakeholders, both public and private.



While the first goal is primarily pursued by three scaleups programs running independently under a common Nordic Scalars umbrella¹, the goals 2-5 have been on the responsibility of Nordic Innovation. For the goals 2-3, Nordic Innovation has also been a community building partner. To achieve the goals 4-5, Nordic Innovation has conducted **activities to improve the knowledge base of scaleups in the Nordics**. One of the key activities has been the publishing annual statistical reports on scaleups in the region. The reports have been realised by a cooperation of the statistical offices of the Nordic countries and the reports have provided detailed statistical data on scaleups in the Nordics. In addition, Nordic Innovation has also published a study introducing top 1.000 Nordic scaleup companies, based on Dealroom data.²

Now, approaching the end of the **Nordic Scalars 2.0** programme period, Nordic Innovation seeks to institutionalise and consolidate its activities (regarding the goals 2-5 listed above) with a community-driven model. Hence, this pre-study was launched to better understand the needs and aspirations of key stakeholders in the Nordic scaleup ecosystem, as well as to identify options to set up and sustain a **Nordic Scaleup Centre**³. The initiative is inspired by examples from other countries such as the ScaleUp Institute (in the UK).

Objective of the study

The purpose of the pre-study was to explore the need and different options for establishing a Nordic Scaleup Centre (NSC). The focus of the study was exclusively on **scaleups** (not startups), and it followed Nordic Innovations' definition of scaleups⁴. The study covered the following aspects related to the possible creation of a Nordic Scaleup Centre:

- A** Potential scope, focus and objectives of Nordic Scaleup Centre
- B** Relationship with national initiatives / organisations and databases in the Nordics
- C** Organisational and ownership structure
- D** Financing – short term/long term
- E** Recommendation for a go / no-go to establish Nordic Scaleup Centre, including reasoning and motivation behind the recommendation.

¹ Nordic Innovation. Nordic Scalars <https://www.nordicinnovation.org/nordicscalars>

² Nordic Innovation (2023), Nordic Scaleup Landscape 2022.

³ Nordic Scaleup Institute was used as a working title during the pre-study. The working title was modified at the end of the study (Nordic Scaleup Institute -> Nordic Scaleup Centre).

⁴ Nordic Scalars' definition of scaleups: 1) Annual revenue at minimum of EUR 2 million, 2) Personnel of at least 10 people, 3) Annual growth figures of at least 20% in the past three years.

Study methods

The overall approach to the methodological design of the study contained four work packages as depicted in the Figure 1. The work package 2 (WP2) focused on collecting data and engaging with stakeholders to develop scenarios on a future Nordic Scaleup Centre, while the WP3 aimed to specify the design of NSC and provide more concrete recommendations to proceed with the plans for NSC.

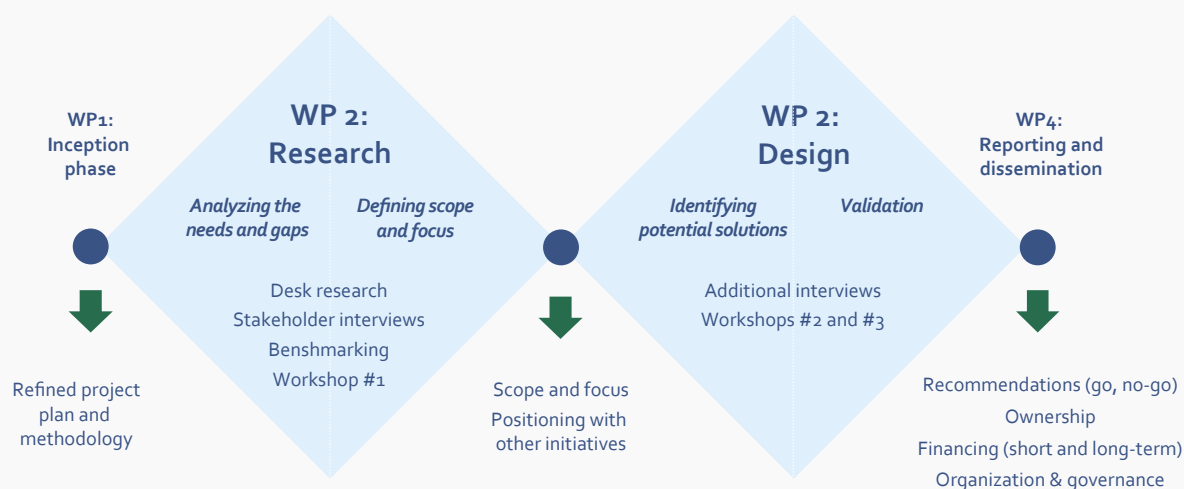


Figure 1. The methodological approach of the study.

The inception phase served to refine the work plan and further develop the methodology. During the inception phase, the following steps were implemented:

- Identification of key documents, available data sources, stakeholders and informants for interviews, and potential information gaps
- Seven background interviews with key personnel from Nordic Innovation
- Internal workshop and discussions with Nordic Innovation to refine framework, approach and methodology
- Drafting of inception report (incl. updated work plan)

During the research phase of the work package 2, most of the data collection and stakeholder consultation activities were implemented. The results of each sub-task in the WP2 are briefly described in the following.

Desk research

The desk research focused on academic literature, studies and reports published by Nordic Innovation or other international organisations such as the OECD or the EC. The objective of the desk research was to identify various scaleup definitions and characteristics as well as analyse and map the Nordic scaleup ecosystem and its main bottlenecks and characteristics. Furthermore, an important aspect of the desk research was to map the main

Nordic scaleup ecosystem stakeholders and their activities to identify the relevant interview partners for the stakeholder consultation phase.

In total, the desk research included the analysis of 21 reports and studies (see the references for an overview of the literature analysed) and the mapping of 68 stakeholder organisations, of which 30 were finally selected to be interviewed. The mapping included organisations from all Nordic countries: innovation agencies and public investors, universities and research organisations, associations and NGOs, large private companies, and private foundations as well as national ministries, all with an interest in scaleups or high-growth entrepreneurship.

Stakeholder interviews

In total, 37 interviews were conducted, of which 7 took place during the inception phase and 30 during the research phase. The objectives of the interviews were twofold. First, the interviews served to identify the needs of different types of ecosystem

stakeholders and uncover shortcomings of the current scaleup ecosystem in the Nordics. Second, the interviews were designed to gather the stakeholders' input on the possible future roles and activities of NSC and identify the potential added value of the initiative. It was discussed how Nordic Scaleup Centre could be structured and financed, and therefore the interviews provided important information for the development of the scenarios of NSC.

The interviewees represented different organisations and stakeholders from all Nordic countries, including public authorities (ministries, agencies), private investors (VCs, banks), research organisations (universities, business schools) as well as grassroot level actors (e.g., associations, networks). Table 1 shows the type and country of origin of the interviewed organisations. It should be noted that scaleup companies were not included in the interviews as the primary focus of the study was to explore the potential organisational and financial model of NSC, not to survey the needs of Nordic scaleups, which have already been explored in other studies.

Table 1. Type and country of origin of interviewed organisations.

Type	DK	FI	IS	NO	SE	Nordic ⁵	Total
Academia / research organisations		1		2	1		4
Grassroot / associations	1	4	2	1	5		13
Public authorities (ministries, agencies)	3	2		2	4		11
Private investors (VCs / Banks)	2	1	1		2	3	9
Total	6	8	3	5	12	3	37

⁵ Nordic interviewees refer to organisations at a Nordic level such as Nordic Innovation or Nasdaq Nordic.

Benchmarking

The overall aim of the benchmark exercise was to find appropriate learning models and gather insights that are useful in deciding whether to set up a Nordic Scaleup Centre and how to proceed in case of a positive decision. Five organisations were selected to be benchmarked based on pre-defined criteria. Table 2 provides an overview on the selection criteria and the screened benchmarking candidates. As a result of

this scoring exercise and after assessing the feasibility of conducting benchmarking of each candidate (i.e., in terms of data availability and willingness to participate in interviews), five cases were selected. Through interviews and desk research, these organisations were analysed with the aim to gather insights relevant to the prospective Nordic Scaleup Centre.

*Table 2. Overview on the selection criteria for benchmarking cases.
Candidates in bold: primary candidates. Candidates in italic: back-up candidates.
Candidates in blue: finally selected for benchmarking.*

Possible Benchmark organisations	Focus on Scaleups	Active in data collection	Policy relevant research	Platform and matchmaking	Advocacy and ecosystem	Total score
The ScaleUp Institute (UK)	XX	XX	XX	X	XX	9/10
Erasmus Centre for Entrepreneurship (NL)	XX	XX	XX	X	X	8/10
Start-Up Nation Central (Israel)	X	X	X	X	XX	6/10
German Start-up Association (Germany)	?	XX	XX	X	X	6/10
Scale-Up Institute Toronto (Canada)	XX	X	?	X	X	5/10
AustrianStartups (Austria)	?	XX	XX	X	XX	6/10
Kasvuryhmä Growth Collective (Finland)	XX	?	?	XX	X	5/10
Founders Alliance (Sweden)	X	?	?	XX	X	4/10
Scale-up NZ (New Zealand)	X	XX	?	XX	?	5/10
Scale-up Nation (Netherlands)	X	X	XX	X	?	5/10
Space Scale London (UK)	XX	?	?	XX	X	5/10
Vlerick's Centre of Excellence (Belgium)	XX	X	X	X	X	6/10
ScaleUpVic Australia (Australia)	?	?	X	XX	X	4/10
Lazaridis Institute (Canada)	XX	?	?	XX	?	4/11
Owners Scaleup programme (Spain)	X	?	?	X	X	3/10
Scalingup Performance Platform (US)	X	?	?	XX	?	3/10

2.

Key Findings



This section summarises the key findings from the research phase of the study. The section focuses on the analysis of the stakeholder interviews, while also taking into account findings from the literature review especially on the identified bottlenecks of the Nordic scaleup ecosystem. Furthermore, the main results of the benchmarking analysis are presented.

Stakeholders' needs and point of views

Nordic scaleup ecosystem bottlenecks

Figure 2 presents an overview of the bottlenecks of the Nordic scaleup ecosystem as expressed by stakeholders during the interviews. In the following, the bottlenecks are also analysed taking into account the findings from the desk research.



Figure 2. Overview of the bottlenecks of the Nordic scaleup ecosystem as expressed by stakeholders.

Access to finance and capital is the most prominently mentioned bottleneck for scaleups in the Nordics. Fraser et. Al. (2015) found that while the issue of lack

of financing for SMEs is not new, little is known on the complex relationships between access to financing and growth.⁶ To add to that challenge, reports and

⁶ Fraser, S., S. Bhaumik and M. Wright (2015), "What do we know about entrepreneurial finance and its relationship with growth?", *International Small Business Journal: Researching Entrepreneurship*, Vol. 33/1.

studies published by Nordic Innovation⁷ and the OECD⁸ highlight that scaleups require very tailored, sophisticated, and most importantly long-term approaches to financing depending on their profiles and trajectory. Based on the literature and the interviewees, access to financing is a major bottleneck in general. Some stakeholders highlighted that access to finance is a particular problem in the Nordic countries compared to other regions, due to the small market size and low attractiveness for foreign investors. The problem has been highlighted by all types of stakeholders that have been interviewed in the pre-study.

Similarly, the challenge for scaleups to **find and attract the necessary competences and talents** was one of the major challenges mentioned by stakeholders. This has been also confirmed by the literature. The studies published by the OECD⁹ and Nordic Innovation¹⁰ mention the attraction of talent to be a key factor in achieving company growth. On the one side, stakeholders expressed that it is difficult for the existing staff to acquire the competences needed for a large scaling process, and on the other side the ability to attract foreign high-level professionals to lead international scaling processes. This is often connected to the need to internationalise as a scaling company (again reflecting the small size of the home market), which typically requires new competences and knowledge of foreign markets. Private sector organisations and grassroot organisations raised talent attraction as a bottleneck more frequently

compared to public sector organisations interviewed.

Referring to the interviews, the **small market size of the Nordic countries** and the associated need to internationalise are perceived as challenging for scaleups in the Nordics. While this has been mentioned in the literature to be a challenge for scaleups in other markets as well¹¹, many stakeholders stressed that it is almost impossible to scale a company in the Nordics without moving to a foreign market. Connected to that, both interviewed stakeholders and screened literature mentioned cultural constraints for Nordic scaleups. Cultural elements mentioned that hamper fast growth in Nordic companies are high awareness of associated risks, lack of ambition to grow and a dearth of role models of international entrepreneurs. Some stakeholders from the private sector also mentioned that legislation and taxation in the Nordic countries do not favour company growth and may motivate ambitious entrepreneurs to move outside of the region.

The challenges that Nordic scaleup ecosystems are **not interconnected** and are **difficult to navigate** were mentioned predominantly by public sector organisations. In general, stakeholders highlighted that the high number of organisations participating in local, regional, and national scaleup ecosystems makes it difficult for scaleups to navigate the ecosystem when seeking support,

⁷ Nordic Innovation (2019), *Mini-evaluation of the Nordic Scalars programme*.

⁸ OECD (2022), *Financing Growth and Turning Data into Business: Helping SMEs Scale Up*, OECD Studies on SMEs and Entrepreneurship, OECD Publishing, Paris.

⁹ OECD (2020), *Promoting Start-Ups and Scale-Ups in Denmark's Sector Strongholds and Emerging Industries*.

¹⁰ Nordic Innovation (2019), *Nordic scalars. A study of drivers of growth and barriers to scaling of Nordic companies*.

¹¹ Vlerick Management School (2019), *European Scaleup Report*.

networks, or funding opportunities. In this context, interviewees appreciated Nordic Innovation's initiative and saw the potential of added value of NSC in a more systematic collaboration on the Nordic level to bring the national scaleup ecosystems closer together.

Further challenges mentioned were the fact that current support instruments focus too much on startups and there are little targeted instruments for scaleups. Further, some stakeholders highlighted that support is needed especially for industrial scaleups engaging with deep tech innovations. Multiple studies and reports support this finding, stressing that policy instruments supporting high-growth companies tend to focus on young high-tech startups, despite of a great heterogeneity of scaleup companies in the Nordics.¹²

To conclude, the findings suggest that focusing on scaleups and their specific needs remains a highly relevant objective,

and there is also a need to strengthen the Nordic scaleup community.

Role and added value of NSC

To assess the added value of NSC, interviewees were asked to rank to what extent they regard the initiative as positive or critical. Furthermore, potential roles and functions as well as added value provided by Nordic Scaleup Centre were discussed. Initially, NSC could function as a data repository, a policy hub, a think tank, or a platform for scaleups for peer learning, or a combination of the above.

Figure 3 shows an overwhelmingly positive attitude towards the initiative. Only three out of 31 interviewees had a critical or very critical view towards it. This suggests that there is a strong support for the establishment of NSC among the stakeholders.

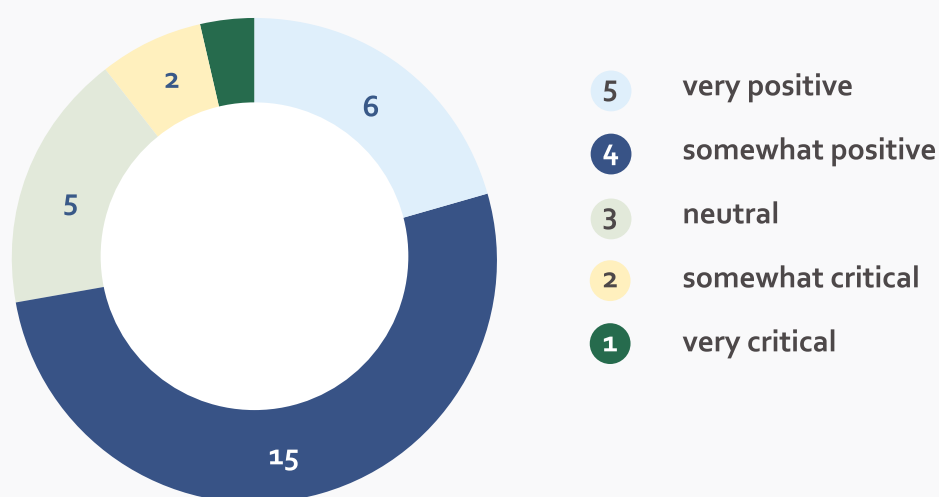


Figure 3. How do you see the need for setting up Nordic Scaleup Centre in general? N=31.

¹² Flanecker et al (2020), *High Growth Enterprises: demographics, finance & policy measures*; OECD (2021), *Understanding Firm Growth. Helping SMEs to scale up*; Nordic Innovation (2020) *Scale-ups in the Nordics 2020*.

Most stakeholders preferred Nordic Scaleup Centre to be a provider of **data, statistics, and research** on scaleups in the Nordic countries. It was especially expressed that there is a **need to show the importance of scaleups for the economy** in order to improve policies and support programmes for scaleups. Many stakeholders agreed that there is a lack of timely, detailed, and disaggregated data on scaleups and their markets in the Nordic countries. By producing statistical reports and studies, policy makers would be able to design more tailored support programmes for scaleups, as well as to better monitor and evaluate the impact of these interventions. This was also mentioned by innovation agencies interviewed, who stressed that they would be able to use such research to better inform their respective ministries. Stakeholders were divided on whether NSC should engage in its own data collection activities or whether it should work with existing datasets or by cooperating with research institutes, statistical offices, or other data providers (e.g., Dealroom).

The second-favourite option of interviewed stakeholders was Nordic Scaleup Centre to become a **policy hub**. The stakeholders highlighted that the Nordic dimension in policy making was very important, and the added value would stem from NSC providing best practice examples or benchmarking among the Nordic countries of policies supporting scaleups. Ministries

and innovation agencies interviewed in the pre-study agreed that a formalisation of cooperation on the working level would provide added value to their work and could improve policy making for scaleups in the Nordics. Some stakeholders, however, were more cautious about a Nordic scaleup policy hub, highlighting industry associations being better placed for this role. In this context, all stakeholders highlighted the importance of NSC being an independent and credible actor if it were to engage in developing studies and reports or policy papers.

Nordic Scaleup Centre as a **platform for scaleups** was less popular among the interviewed stakeholders. Both public and private sector stakeholders stressed that there is a high risk of duplicating activities of already existing initiatives on the national level. Furthermore, there was a concern among stakeholders that it would further increase the complexity of the Nordic scaleup ecosystem, considering the high number of organisations already active in this field. It was also mentioned that this type of activity would require different types of competences than data or policy focused activities. However, it should be noticed that even though it was not seen as the primary role of NSC, the importance of peer learning for scaleups in general has been emphasised by many stakeholders, as well as highlighted in the literature.

Organisation of NSC

During the stakeholder interviews also the organisational set-up of Nordic Scaleup Centre was discussed. Regarding the structure and organisational model, the stakeholders' views were relatively

heterogeneous, reflecting different interests of the actors and open questions regarding the role and focus of Nordic Scaleup Centre. Nonetheless, some common themes can be derived from the interview responses:

- **Independence, objectivity, and neutrality:** regardless of the preferred thematic focus of NSC, stakeholders of all categories highlighted the importance of NSC being impartial and independent from both governments and large corporations. In order to be a credible and trusted provider of data, statistics, or policy advice, the initiative should not have a clear linkage with other organisations or be influenced by individual large businesses.
- **Compact core organisation:** most stakeholders prefer NSC to have a small number of core staff that is responsible of spearheading and driving the initiative. Seven stakeholders saw the added value of NSC in having an organisation at the centre of the ecosystem, which can forge networks and mobilise resources through other organisations. Stakeholders stressed that by integrating Nordic Scaleup Centre within other organisations and initiatives, the risk for overlapping or duplicating activities would be reduced. Others saw an opportunity in creating a membership-based organisation, in which resource-intensive activities of NSC would be mostly mobilised by its members. For research and data collection activities, stakeholder also suggested that Nordic Scaleup Centre could outsource some of these tasks via calls for tenders or proposals.
- **Clear impact logic and focus:** Stakeholders of all categories stressed the importance of formulating a clear objective of NSC with measurable performance indicators. This was especially mentioned in connection with the need to have clarity about the added value that Nordic Scaleup Centre provides to different types of ecosystem stakeholders. Further, interviewees from the private sector and venture capital funds mentioned that a thematic focus of NSC would help to target the NSCs activities and also make it easier to attract private sector investments for the initiative.
- **Innovation agencies as key actors:** Many interviewed stakeholders, most importantly also the innovation agencies and ministries themselves, stressed that NSC would need a close cooperation with the national innovation agencies. The innovation agencies interviewed also suggested that NSC could serve as a platform for cooperation among them. On the other hand, interviewees from grassroots organisations were more cautious about the idea, highlighting that this could impact the neutrality of Nordic Scaleup Centre.

Despite these common themes, differences in the stakeholder feedback were prominent. An important aspect where stakeholders' views differed was the ownership of the initiative. While 11 interviewed stakeholders suggested that the lead and ownership of the Centre should lie within the public sector (e.g., Innovation agencies, Nordic Innovation, or the respective national ministries), 9 interviewees preferred NSC to be led by universities or research organisations. Furthermore, 8 interviewees from the private sector and research organisations proposed that private investors or large Nordic companies should have a stake in Nordic Scaleup Centre. Finally, two representatives from grassroots organisations stressed that scaleups themselves should have a strong say in the initiative.

Financing sources and business models of NSC

Questions on financing models of Nordic Scaleup Centre were the most difficult to answer for stakeholders, and many interviewees said that it would be difficult to provide an opinion on the financing source of the initiative due to the lack of knowledge and uncertainty of the scope and size of NSC.

Those who expressed an opinion on the financing were mostly of the view that the funding sources of NSC should **consist both of public and private sector funding**. While some interviewees mainly from public sector organisations said that the public sector should provide the majority of the financing, which could be complemented through private investments or donations, others were more in favour of having only short or medium-term funding from

public sector organisations with the aim to become a financially self-sufficient organisation. In total, 8 interviewed stakeholders preferred Nordic Scaleup Centre to be a non-profit organisation while 5 interviewees preferred it to be a for-profit organisation. Furthermore, financing from foundation was the preferred option by 5 interviewed stakeholders.

In order to attract private sector financing or investments, stakeholders highlighted the importance of **developing a solid business case and providing clear added value to the financing organisations**. This would be more successful if Nordic Scaleup Centre will be focused on scaleups in certain economic sectors that are already strong in the Nordic countries, such as clean tech or health tech. Some stakeholders also saw the possibility of NSC monetising parts of its services for instance the provision of research or data on scaleups in the Nordics.

Stakeholders' commitment and willingness to contribute

Each of the interviews were concluded by discussing the stakeholders' willingness and commitment to contribute or participate in the initiative. Overall, a strong majority of stakeholders (19 in total) are interested in becoming involved with Nordic Scaleup Centre in some capacity. However, given the fact that the direction of NSC was not clear at the time of the interviews, stakeholders' contribution will vary depending on how NSC will be set up. For instance, research organisations were interested in contributing to the analytical and statistical aspects of the NSC's activities, while grassroots organisations were mostly keen on being involved in any matchmaking or learning activities of NSC.

Eight organisations stated that they could become users of NSCs services or products. These organisations mainly came from the public sector, and they were especially interested in using reports and statistics produced by Nordic Scaleup Centre.

Stakeholders were reluctant to express clear interest in having a leading role in Nordic Scaleup Centre. It should be noted that the identification of potential leading organisations was challenging as the objectives of NSC were not fully defined at the time of the interviews. If a clearer objective and scope of Nordic Scaleup Centre will be defined as a result of this study, specific stakeholders could be more motivated to take on a leading role in the initiative. Depending on the role and focus of NSC, three interviewed organisations expressed interest being a leading actor in the initiative.

Summary of benchmarking analysis

Table 3 provides an overview of the benchmarked organisations. A detailed description of the case studies, including sections on the main takeaways, can be found in the annex of this report.

Funding considerations

All five benchmarked organisations (The ScaleUp Institute (UK), Erasmus Centre for Entrepreneurship (NL), Start-Up Nation Central (Israel), AustrianStartups (Austria) and Kasvuryhmä (Finland)) aim for a **diversified range of funding options**. In part, this is perceived vital for the long-term prospects of the organisation (as the continuation of the organisation is otherwise endangered if there is a strong reliance on

one partner if it pulls back or reduces funding in the long run).

A second commonly cited reason is that a strong dependence on one partner or even type of funding is perceived to be at odds with the independence of the organisation. This insight is especially relevant for the prospective Nordic Scaleup Centre given its aforementioned need to remain independence. As a case in point, funding from national innovation authorities wouldn't very likely be perceived as problematic if it accounts for a relatively small share of all funding. Otherwise, the critical role that policy advocacy often entails could be put into question.

Aside from public sources of funding, the benchmarked organisations sometimes rely on partnership fees from large for-profit organisations, banks, foundations, or other organisations that have a strong vested interest in the scaleup ecosystem. Organisations that act (mainly) as network organisations can fund part of their operations through membership fees. Project-based funding is also harnessed in several case studies. The Erasmus Centre for Entrepreneurship (and many other university-driven organisations that were not formally part of the benchmark exercise) also generates revenues from trainings and other business development services that they provide to business owners and executives.

Typically, organisations find it easier to diversify their funding options once they become better known and have built trust. Kasvuryhmä is one example which is fully relied on public funding but, after a few years, progressively decreased its reliance and found other sources of finance. AustrianStartups is another

organisation that found it easier to attract interest from partners over time. For Nordic Scaleup Centre, this implies that it may be reasonable to expect funding options to arise, especially if it engages with ecosystem actors repeatedly and is engaged in “high-profile” activities (such as an annual report or a state of play of the scaleup ecosystem).

A final consideration is that “all-purpose” funding mechanism are generally preferred over project-specific funding as the former allows more flexibility and can cover the overhead costs and basic core activities.



Table 3. Overview of the benchmarked organisations.

Dimension	The ScaleUp Institute (UK)	Erasmus Centre for Entrepreneurship (Netherlands)	Start-Up Nation Central (Israel)	AustrianStartups (Austria)	Kasvuryhmä Growth Collective (Finland)
Year established	2015	2013	2013	2013	2015
Type of organisation	Private sector, not-for-profit	For profit company (with an independent legal status)	Not-for-profit organisation	Network organisation	Peer-to-peer learning community
Origins	The Scaleup Report on UK Economic Growth was instrumental in the creation of the Institute. Its recommendations merited further scrutiny which was centralised in one organisation as a joint effort of public and private partners.	Founded by the Rotterdam School of Management (RSM) and Erasmus School of Economics (ESE) to put a spotlight on entrepreneurship, which focused more on scaleups over time.	The creation was inspired by the book "Startup Nation" which explored the success story of the Israeli tech sector with a group of well-connected people (to government, donors, and the ecosystem) driving the process.	Grassroots initiative of founders setting up a Facebook group, which grew over time.	Industry-driven initiative to set up a separate organisation to cater to the specific needs of midcap companies with turnover 10M€-1B€ with growth ambitions.
Main role & functions	Thought leadership, policy advocacy, research, targeted projects, and community engagement.	Research first and foremost. Data, entrepreneurship courses, community-building events.	Considerable efforts into the collection of data, with also a mandate for innovation diplomacy, ecosystem development and event organisation.	Connecting ecosystem actors, inspiring entrepreneurship, especially among youth, collecting data and policy advocacy.	Its main activities are the sparring events for business leaders to engage in peer2peer learning. Also organise larger scale events and provide a repository with useful information to their members.
Funding model	Partnerships with various (private and public) organisations.	Funding through alumni, entrepreneurship and business development programmes, project-based funding, partners.	Philanthropy with annual contributions from around a dozen partners.	Annual membership fees, as well as sponsorships related to events.	Annual membership fees, partnerships with selected stakeholders, project-based funding. Initial funding from Tekes / BF.
Relevant governance features	Main board with several subcommittees, involving established serial entrepreneurs and finance people. Ambassadors enable wider outreach.	Close links to the University which owns ECE.	Close links to the Start-Up Nation Policy Institute.	Considerable presence and autonomy across all nine states.	The board members are business leaders. Partner organisations get a say about the strategic direction.
No. of employees	12 (core team)	19	120	10 (core team)	13

The need to focus more on scaleups rather than startups is echoed by the benchmarks

The interviews with Nordic stakeholders revealed that scaleups do not receive enough attention from policy makers, researchers, and data analysts. A similar sentiment was voiced repeatedly throughout the benchmark interviews with the need to put scaleups in the spotlight a prominent “raison d’être.” The ScaleUp Institute gained momentum after a public report put a spotlight on the issue of scalers, and the Erasmus Centre for Entrepreneurship shifted its attention to scalers as time went by and most of the knowledge gaps were found.

In similar spirit as the Dutch and UK examples, there may be a strong business case to establish a dedicated organisation on the topic of scalers in the Nordic countries. This seems currently missing across the five countries, and this observation could be the main selling point for the creation of the NSC.

Data gathering and analysis underpins the other activities in many organisations

The Start-Up Nation Policy Institute in Israel considers their data as the foundation of their organisation on which all other activities hinge. The comprehensive real-time dataset enables high-quality research that is substantiated by a solid evidence base, among other things. Similarly, policy advocacy has more impact if it is backed by facts on the ground (as is for example the case with the ScaleUp Institute, whose recommendations carry weight in

large because of their data and research credentials). Even for organisations who are primarily into networking and the organisation of peer-to-peer learning events, there is merit in gathering data from its members, so as to improve their offerings to their members, and to better represent their interests in the policy arena. As one example, AustrianStartups has a formal advisory role to the relevant ministry, not only because it has a broad membership, but also because it gathers data and queries its members through a survey and can therefore substantiate its policy recommendations. The Erasmus Centre for Entrepreneurship is well positioned to give courses to business owners and leaders, in part because it produces visible reports on the scaleup ecosystem in the Netherlands.

Scalability is a key concept for NSC

One avenue to classify the activities of the Start-Up Nation Policy Institute in Israel is by their level of “scalability,” i.e., the capability to easily expand or upgrade upon demand. Other organisations referred to this concept as well. For instance, the data approach that the ScaleUp Institute has in place, combining different sources of intelligence, works well across the different ecosystems in the United Kingdom. This is relevant for prospective Nordic Scaleup Centre. As the initiative would span five different countries, it makes sense to, at least in the beginning, focus attention on activities that can be rolled out in those different markets relatively easily.

Future scenarios

Based on the findings from the data collection activities and discussions with Nordic Innovation and the Nordic Scalars steering group, the study concludes with three scenarios for the initiative to move forward. It should be noted that these scenarios were used as a basis for discussion and elaborating more concrete recommendations, which are described in the final section of the report. It was concluded as part of the study that none of the scenarios are viable independently, and a combination of different scenarios and roles should be preferred.

The three identified scenarios are:

- 01 A Nordic Scaleup Data Hub
- 02 A Nordic Scaleup Policy Hub
- 03 A Nordic Scaleup Learning Hub

The three scenarios are mapped on the potential activity areas of the future Nordic Scaleup Centre presented in Figure 4. The scenario for NSC as a peer learning platform (quadrant B in Figure 4) was envisioned as it is something that is considered to be best implemented on a local level by grassroots actors, and it is currently already being pursued by the ongoing Nordic Scalars programmes.

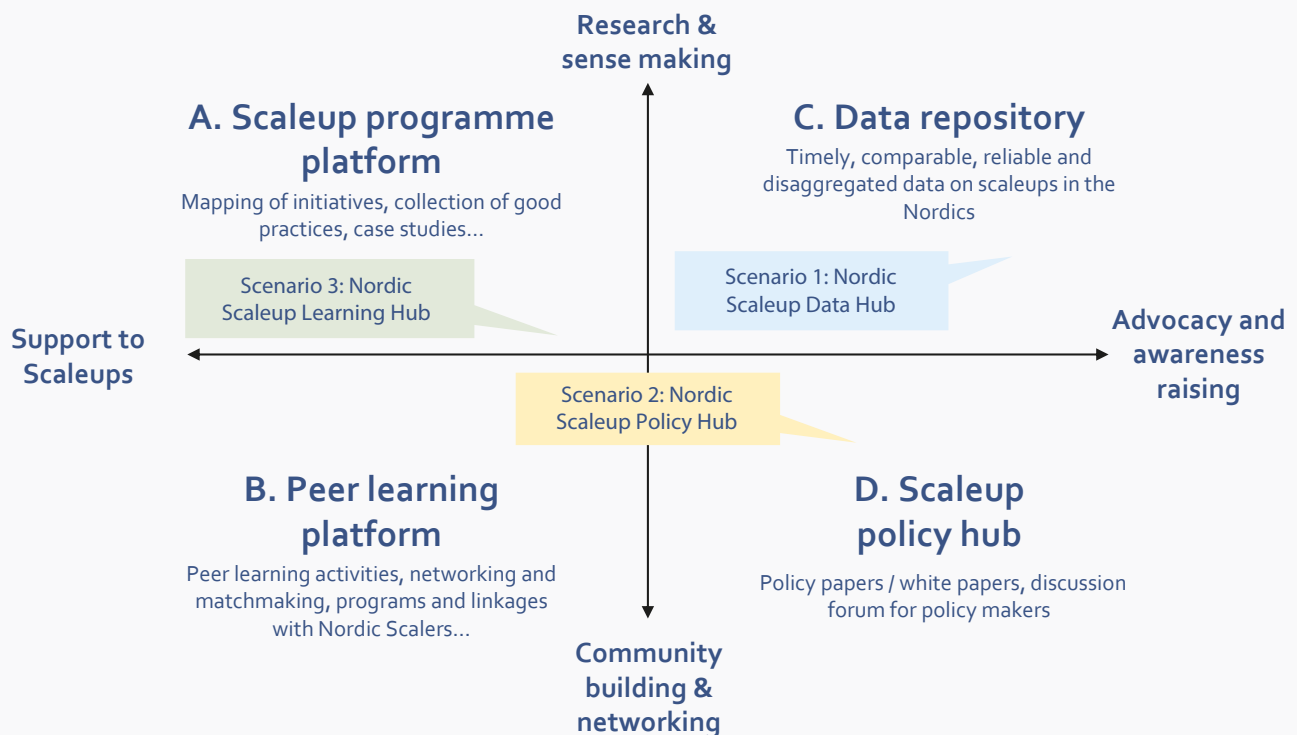


Figure 4. Mapping of three scenarios on the potential activity areas of NSC.

Table 4 provides an overview on key aspects of each of the scenarios. It should be noted that the three scenarios building on each other, e.g., to be able to implement activities under scenario 2, NSC would also require to engage in the activities under scenario 1. The same goes for scenario 3.

The scenarios can be implemented sequential over a longer period of time.

The following section presents each of the scenarios in more detail and provide an overview of the pros and cons of each of the scenarios.

Table 4. Overview of the scenarios of NSC.

Dimension	Scenario 1: Nordic Scaleup Datahub	Scenario 2: Nordic Scaleup Policy Hub	Scenario 3: Nordic Scaleup Learning Hub
Role and focus	Building up scaleup data-repository and knowledgebase.	Formulating and advocating policy recommendations.	Facilitating peer-learning within the scaleup ecosystem(s).
Impact on scaleup ecosystem	Improving the database. Highlighting the importance of scaleups.	Designing better policies for scaleups.	Competence building & peer-learning.
Deliverables	Analytical / statistical report(s). Scaleup data platform. Publication event(s).	Policy briefs, benchmarking & recommendations. Policy seminars / events.	Programme mapping & lessons, case studies. Networking.
Primary target groups / beneficiaries	Policymakers, associations, investors.	Policymakers (ministries, agencies)	Scaleups & scaleup programmes.
Key organisations / contributors	Statistical Offices, commercial data providers (e.g., Dealroom, Crunchbase, Orbis).	Startup/Scaleup associations. Experts & researchers.	Grassroot actors & programmes.
Funding model (longer term)	Sponsoring from investors + public funding (ministries, agencies).	Research grants (Horizon Europe, ministries, agencies), private sponsorships (especially corporations, scaleups).	Membership fees, public grants (e.g., Horizon Europe).
Organization	Small core team / secretary (approx. 1-2 persons) + outsourcing for data collection, analyses & expert inputs		
Relevant benchmark activities	Scaleup Index (The ScaleUp Institute), Scaleup Dashboard (Erasmus Centre for Entrepreneurship), Start-Up Nation Finder (Israel).	The ScaleUp Institute reports and policy dialogue; Start-Up Nation Policy Institute (Start-Up Nation Central).	Kasvuryhmä p2p learning; AustrianStartups community building; The ScaleUp Institute endorsed programmes.

coming from Nordic Innovation and the national agencies. However, it would be important to also include at least some financial commitment from the private sector from the beginning. In the medium and long term, Nordic Scaleup Centre could become financially self-sufficient by exploring and adopting various funding streams, including sponsoring from private investors (especially in scenario 1) or corporations / scaleups (especially in scenarios 1 and 2), research grants and other public project funding (e.g., Horizon Europe calls, national level research calls or Nordic Innovation project funding). This type of funding model is adopted for example by the ScaleUp Institute and by the Erasmus Centre for Entrepreneurship.

Other options could include some kind of membership fees. However, this seems to be applied mainly by the more grassroots level initiatives focusing on community building and peer learning (Kasvuryhmä, AustrianStartups) and would most likely be relevant only for scenario 3. In some interviews it was also envisioned that some of the services such as reports or datasets provided by NSC could be monetised, meaning that Nordic Scaleup Centre would provide commercial research and data services e.g., for private investors. However, this option is not considered viable as it would endanger NSC's role as neutral actor and lead to competition with private actors. There are also no examples of such models in the benchmarked organisations.

Scenario 1: Nordic Scaleup Data Hub

In the first scenario, Nordic Scaleup Centre would focus on building up a scaleup data repository and knowledge base. This is in line with the need identified by the stakeholders to have a consolidated and detailed overview on trends and developments of scaleups in the Nordic countries, as well as the experience in some other countries.

The main objective of this scenario is to improve the data and knowledge based on scaleups and highlight the importance of scaleups for the Nordic economies. The main outputs of NSC in this scenario would relate to analytical and statistical reports on scaleups and/or a comprehensive database. An annual publication, which would summarise and highlight the state of play of scaleups in the Nordic countries (similar to the Austrian Startup Monitor, for instance), could be envisioned as a key deliverable in this constellation.

To further disseminate its research findings, Nordic Scaleup Centre could engage in organising public events or other communication activities to reach the broadest possible range of stakeholders. The main target group, and at the same time beneficiaries of the scenario 1. would be policymakers, industry associations as well as investors.

Key contributors to the different outputs could be the national statistical offices, which has been the case already with the yearly statistical reports on scaleups published by Nordic Innovation, or commercial data providers such as Dealroom as in the case of the Nordic Scaleup Landscape -report. To develop more innovative analysis, further

cooperation with private data providers such as the Dealroom-project could be envisioned.

However, while comprehensive, reliable, and comparable data on scaleups would be highly valued by all stakeholders, it is seen as a necessary but not sufficient role for Nordic Scaleup Centre. Instead, it would need to be accompanied by other functions linked to scenarios 2 and 3. In other words, there needs to be sufficient analytical capacity to analyse the data that is made available to extract meaningful insights, for example to formulate substantiated policy recommendations. This is also supported by the benchmarking examples, highlighting the need to combine data and research with policy advice and/or community building.

Scenario 2: Nordic Scaleup Policy Hub

In the second scenario, Nordic Scaleup Centre is seen more active in providing concrete policy advice and policy recommendations to policy makers in the Nordic countries. Its main aim of the initiative would be to contribute to the design and implementation of better policies for scaleups and encourage learnings of policymakers in the Nordic countries. Many interviewees from ministries and innovation agencies highlighted that they would benefit from a more systematic benchmarking or development of best practices among Nordic countries to improve their national policy systems and raise awareness of scaleup-policies within their national policy agendas. Thus, the main target group and beneficiaries of this scenario are policymakers in the Nordic countries. Nordic Scaleup Centre could also be more active within the EU policy arena aiming

to advocate Nordic scaleup policy agendas within the EU policy discourse.

In this scenario the main outputs of NSC would be policy briefs, benchmarking results and best practices identified. Furthermore, to encourage the discourse among policy makers, Nordic Scaleup Centre could organise policy seminars and other events with relevant stakeholders. To be credible in this role, it seems crucial for NSC to be independent and keep enough distance to public bodies, as well as to have a strong representation of private organisations, universities, and other non-governmental organisations in its own organisation.

It should also be emphasised that providing policy recommendations would need a strong evidence base and data on scaleups, something that is still largely lacking. In other words, this scenario appears to be viable only when it is combined with the first scenario.

Scenario 3: Nordic Scaleup Learning Hub

The third scenario is to develop Nordic Scaleup Centre as a learning hub for scaleups and scaleup entrepreneurs. The main objective of this scenario is to provide a platform for peer-to-peer learning activities and competence building among scaleup entrepreneurs. It could further contribute to creating a more entrepreneurial culture in the Nordic region. This type of role is currently being pursued for example by Kasvuryhmä and AustrianStartups.

Main outputs of the learning hub would relate to networking events as well as connecting grassroots organisations

that are already active in providing support to scaleups. To help integrating the Nordic scaleup ecosystem, Nordic Scaleup Centre could actively aim to integrate the numerous organisations and support programme, and help scaleups in identifying the correct partner to offer the best support to scaleups. As such, Nordic Scaleup Centre wouldn't provide the majority of the services themselves, but connect, integrate and communicate on opportunities and support schemes offered by other organisations. Thus, the primary contributors would be grassroots organisations, business and think tanks who provide support to scaleups, and the main target groups and beneficiaries would be scaleups themselves.

While the importance of peer-to-peer learning for scaleups has been highlighted in literature as well as in stakeholder interviews, this scenario appears to be least viable for Nordic Scaleup Centre. This is based on the finding that peer-to-peer learning and networking is best organised by grassroots-level actors, and it would require different capabilities and resources that has been at the focus of this study. However, some elements of it could be envisioned as part of Nordic Scaleup Centre, and especially in longer-term, NSC could seek to provide a Nordic-level 'layer' for existing national level initiatives.



3.

Conclusions and Recommendations



Overall conclusions

Based on the study findings, the following overall conclusions can be drawn:

- The original goals of the Nordic Scalpers 2.0 remain valid. In particular, there is a clear need to raise awareness and increase the knowledge base around scaleups. This is also clearly highlighted by the benchmarking examples.
- In general, stakeholders are positive towards setting up Nordic Scaleup Centre. However, there are several open questions over the mandate, organisational structure, sources of funding, appropriate structure and so on.
- A combination of 'data repository' (Scenario 1) and 'policy hub' (Scenario 2) appears as the most viable role and focus for Nordic Scaleup Centre. As the interviews and benchmarking examples suggest, while comprehensive and comparable data should be at the core of NSC, it should be accompanied with other activities, especially linked with policy analysis and recommendations.
- An experimental, step-by-step approach to engage and confirm the commitment of both public and private actors as well as to validate the financing model is needed. The benchmarking examples indicate that the added value can be better delineated over time through exploration and close interaction with the main stakeholders. In other words, it is important to focus on a relatively narrow set of core tasks in the beginning but remain open to experiment and find out what role it can play over the medium to long term in a trial-and-error method.
- A combination of different funding sources, including both public and private funding is needed. It is highly important to engage private actors (and funding) already from the beginning of the initiative, as highlighted by the benchmarking examples. This would also help to validate the commitment of actors and ensure the viability of the business model.
- Independence is an important principle, demonstrated also by the benchmarking examples. In practice, this means that regardless of the funding base, it is important that NSC is able to operate objectively and independently of public steering / or commercial interests.
- There are different organisational models and no one 'right' way of organising NSC. However, the findings and benchmarks suggest that the governance should be built around a small core team, with strong links and networks to the scaleup community and (public and private) partners. Based on the benchmarking examples, it is also important to have high-profile expert(s) involved who can act as the 'champions' and open doors for new partners and funding.

Recommendations

Recommendation for establishing NSC

Based on the pre-study findings, it is recommended that Nordic Innovation, in collaboration with the national innovation agencies, will **continue their efforts to establish a Nordic Scaleup Centre**. The recommendations and options regarding the anticipated scope, focus, organisation, and financing of Nordic Scaleup Centre are described in more detail in the following.

Furthermore, to ensure broad commitment and further validate the NSC concept, it is recommended that a **conservative step-by-step approach** is adopted in establishing NSC. This approach is described in the section of 'Recommendations for next steps'.

Recommendations for the NSC operational model

Role and focus

The primary role and focus of Nordic Scaleup Centre should be to increase the knowledge base around scaleups. Especially it should seek to provide robust, comparable, and reliable data and information about the scaleups. This analysis should be complemented with analysis of scaleup policies and bottlenecks to provide objective and hands-on policy recommendations and policy advice for Nordic ministries and agencies. While pursuing these primary goals, Nordic Scaleup Centre should also seek to build and strengthen collaboration among different stakeholders within the Nordic scaleup community.

Primary target groups and added value

Primary target groups of Nordic Scaleup Centre (at least initially) would be policymakers (ministries, agencies) in the Nordic countries. For this audience, NSC should be able to provide reliable, comparable, and novel data and insights on Nordic scaleups and scaleup policies.

Ultimately Nordic Scaleup Centre should have a clear added value for the Nordic scaleups and scaleup ecosystem through better evidence-based policies and increased attention to the scaleups' bottlenecks. Another important role for Nordic Scaleup Centre would be to facilitate the dialogue between the Nordic scaleup community and decision-makers. It is important that this element is strongly integrated into NSC already from the beginning.

The data can also be used to showcase the importance of scaleups and brand the Nordics as scaleup hub and help to attract new investments, startups, and talent into the Nordic ecosystem.

Deliverables

The main deliverables would be data-driven analytical and user-friendly reports and analyses on Nordic scaleups, their characteristics, trends, bottlenecks, etc. This can include annual reports on scaleups in the Nordics (similar to previous reports published by Nordic Innovation) but also policy briefs, benchmarking reports, etc.

There should be also a strong emphasis on communication and dissemination activities, such as seminars and other events, webinars, infographics, etc.

Key partners

Operating Nordic Scaleup Centre would require close collaboration with a broad range of different stakeholders. Key partners and contributors include at least the following:

- Local / national grassroots level actors with connections to Nordic scaleup companies to help facilitating data collection and engagement of scaleups.
- Experts & researchers (e.g., business schools & research institutes) as research partners
- Statistical Offices to provide access to registry data
- Private data providers (e.g., Dealroom, Crunchbase) to provide more company-level data
- Nordic ministries as end-users ensuring policy relevance
- Nordic innovation agencies and public investors as end-users and also as data-providers
- Nordic scaleups / entrepreneurs as 'champions'
- Private sector actors such as investors and financial actors (e.g., banks) as potential sponsors and contributors

There are different options for engaging the different stakeholders and partners, depending on the organisational model and founding organisations. It is therefore recommended that designing the partnership model is left open for the potential founders to explore it in the pilot phase.

Organisation and governance

It is recommended, that the establishment of Nordic Scaleup Centre is approached

step-by-step and no permanent organisation is established before the model has been validated and piloted. In piloting phase, Nordic Scaleup Centre could operate as a consortia or network of independent organisations (based on binding consortia contract or agreement). This model would be relatively easy to set up and could be used as a short-term option before setting up a more permanent / independent organisation. It could also be explored as a long-term option, if establishing a more permanent organisation proves out to be unfeasible.

In longer term, to ensure the independent nature of NSC, it is recommended that it is operated as an independent non-for-profit organisation with a small core-team (approx. 4-8 FTE) and a strong network of local partners to support data collection and facilitate contacts with the Nordic scaleups. An Advisory Board consisting of key public and private stakeholders should be established to provide advice and ensure relevance of the activities.

Another option worth exploring in the piloting phase is a membership-based organisation. In this model, Nordic Scaleup Centre would be based around a larger pool of committed members, who would receive certain member benefits (e.g., access to data or reports) in return for membership fees and/or in-kind contributions. Organising this type of model especially across all Nordic countries is likely to be very ambitious and hence it is not primarily recommended.

Funding model

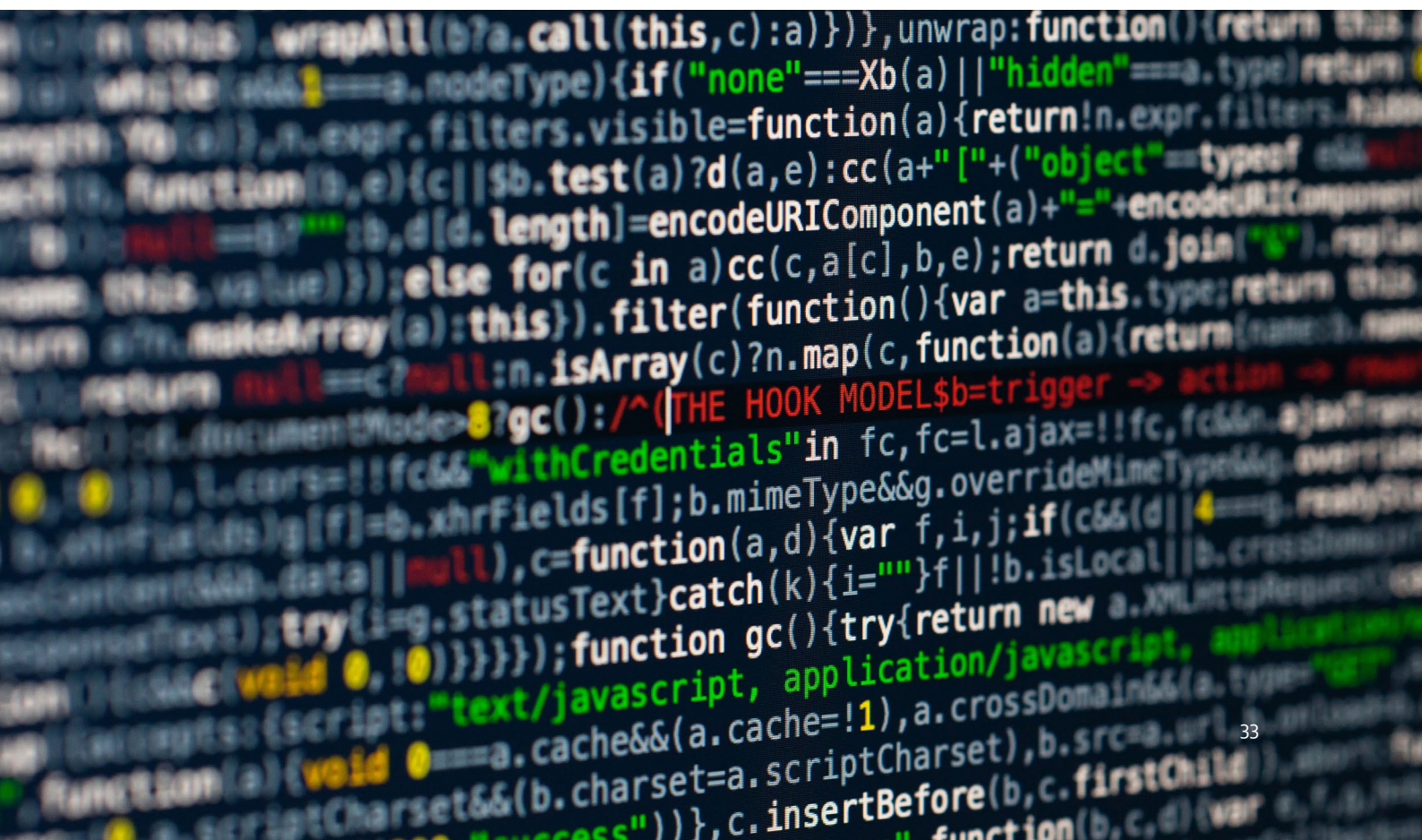
The funding of Nordic Scaleup Centre should be based on various streams of both public and private funding. These include for example:

- Project-based financing from public sources, including innovation agencies, Nordic Innovation and EU funding programmes
- Grants or donations from private foundations
- Sponsorship from private corporations (e.g., banks or other Nordic corporations), investors (e.g., large private equity funds)
- Membership fees

It is not recommended that Nordic Scaleup Centre charges any fees for its activities or reports as it would endanger its role as an independent non-profit actor and/or distract private markets.

Again, it is recommended that there is some flexibility for the potential founders / consortia to explore different models. However, in order to ensure broader commitment and funding base for NSC, it is recommended that at least 50% of the funding should come from outside Nordic Innovation and innovation agencies (from other public and private sources, inc. EU funding), and at least 25% from private sources such as Nordic corporations, scaleups or private investors/foundations. After the pilot phase, Nordic Innovation and innovation agencies funding should only be used for projects, based on project applications (no basic grants). It should be noted that no decision on funding has been made by Nordic Innovation or national innovation agencies.

Funding model for the pilot phase is described in the section 'Recommendations for next steps'.



Budget estimate

The overall budget of Nordic Scaleup Centre would depend on the scale of activities and available funding sources. A more detailed budget should be prepared as part of the Pilot phase.

However, based on the lessons from benchmarking, a viable annual budget for NSC would be around €800.000 in the first years (excluding pilot phase), and around €2.000.000 once the activities have been more established. The following outlines a rough estimate of budget and cost structure for the first operative year(s).

Table 5. Budget breakdown (rough estimate) for first operative year(s) of NSC.

Category	Estimated expenses
Personnel expenses (3-5 full-time employees)	€250.000-350.000
Data collection / outsourcing (local partners)	€70.000 for each country, in total of €350.000
Data costs (e.g., commercial databanks)	€20.000
Travel costs	€15.000
Communication & dissemination costs (inc. website, events, publication, translation, etc.)	€100.000
Administrative expenses (inc. rent and utilities for office space, office supplies and equipment, accounting, etc.)	€50.000
Total	€785.000–885.000

Recommendations for next steps

As described above, there are many open questions and options which need to be further tested and validated before launching Nordic Scaleup Centre. Especially it is important to ensure that there is 1) a group of potential 'founding organisations' capable and committed to collaborate in running and setting up NSC, and 2) a

credible plan for ensuring sufficient external funding (beyond funding from Nordic Innovation and innovation agencies).

Based on this pre-study findings, there is a realistic opportunity that both objectives can be achieved, but it would require further investments into concept design and validation. Therefore, it is recommended that the following approach is adopted:

Phase 1: Market dialogue and open call

- Objectives: Identify and select potential founding organisations for pilot phase.
- Duration and timing: Approx. 2-3 months, starting tentatively in September 2023 (depending on Nordic Innovation schedule)
- Deliverables: Market dialogue, Terms of Reference (ToR) for pilot phase & funding decision.
- Implementation:
 - The process should follow Norwegian public procurement practices, but could for example consist of the following steps:
 - Step 1: Market dialogue. Nordic Innovation publishes an open invitation for organisations/consortia to express their (non-binding) interest towards establishing.
 - The invitation should describe the main elements for the NSC concept (based on this report), as well as draft Terms of Reference for the open call for pilot phase funding (including selection criteria and minimum level of external funding needed).
 - While expressing their interest, the organisations can also provide their views and comments on the NSC concept and draft ToR as well as describe their capabilities for implementing the pilot phase.
 - The invitation can be published via public procurement platforms(s) as well as on Nordic Innovation website. Potential organisations (incl. organisations identified as part of this study) can be directly informed about this opportunity.
 - In addition to written comments, Nordic Innovation can organise online meetings with all interested organisations/consortia.
 - Step 2: Open call for pilot phase. Based on the feedback from market dialogue, Nordic Innovation publishes a revised ToR for conducting the pilot phase. If it seems that there are no interested organisations meeting the criteria, Nordic Innovation can also decide against publishing the open call and consider other options.
 - Step 3: Decision on pilot phase. Nordic Innovation will select the best application for conducting the pilot phase. If no applications meeting the criteria are received, Nordic Innovation can also decide not to proceed with pilot phase funding.

Phase 2: Pilot phase

- Objectives: Piloting and validating the concept and business model.
- Duration and timing: Approximately 12 months, starting after the open call has been completed and contract signed (tentatively in January 2024)
- Deliverables:
 - Validated concept, including funding model, partner network, budget, and action plan for establishing NSC.
 - At least one publication / report + policy brief as well as publication event and dissemination activities (to be defined in proposals in Phase 1)
- Budget and funding model:
 - Estimated budget for the pilot phase is approximately €500.000, based on the budget breakdown presented in above.
 - Nordic Innovation funding would cover maximum of 50% of total budget (approximately €250.000). Applicants should present a detailed budget and funding plan (including how to cover the remaining 50% of costs) as part of their proposals in Phase 1.
 - Part of the budget could also be covered by Nordic ministries or innovation agencies. This would require further negotiations between Nordic Innovation and the ministries/agencies.
 - However, it should be emphasised that minimum of 25-30% of the budget should be covered by external funding by the applicants (to be defined in application in Phase 1 but can include in-kind contributions from partner organisations, private sponsors, or other project financing, etc.).
 - The share of external funding can also be considered as a criterion for rating the applications.
- Implementation: A detailed implementation plan for the pilot phase should be presented in the proposals in Phase 1. A Steering Group should be set up to steer the implementation.

Phase 3: Establishing NSC

- Objectives: To establish an independent and more permanent NSC, building on the lessons learnt from the Pilot phase.
- Duration and timing: After the pilot phase (e.g., 2025 onwards)
- Deliverables: Establishment and launching of Nordic Scaleup Centre
- Budget: As described in the section 'Budget estimate' (above)
- Funding model: As described in the section 'Recommendations for the NSC operational model': Nordic Innovation and innovation agencies funding can only be used for covering projects (no basic grants).
- Implementation: The consortia / organisation will decide independently on the establishment of NSC.

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Benchmarking case descriptions



Purpose of benchmarking

The overall aim of the benchmarking analysis was to find appropriate learning models and gather insights that are useful to Nordic Innovation and other stakeholders in deciding whether to set up Nordic Scaleup Centre and to offer some guidance on how to proceed in case of a positive decision.

The first component of this analysis was to identify and map existing 'scaleup institutes' and similar organisations that constitute useful learning models in other European or selected OECD countries and then zoom into the most relevant models.

To start with, an internet search was conducted to identify relevant organisations. This included searching library databases on a variation of (combinations of) keywords (e.g., "scaleups," "gazelles," "high-growth enterprises," "institute," "academy," "network organisation"). In addition to the desk research, interviewees of key stakeholders in the Nordic countries, as well as contacted foreign institutions, were queried about any relevant organisations outside of the region that could be of relevance to the study. Following that, the most promising benchmarks were selected according to pre-defined criteria and ranked for their "appropriateness" to act as relevant benchmarks. The most promising organisations were then contacted, possibly leveraging on pre-existing contacts of Nordic Innovation, and were invited to take part in the study.

The second and most substantive part of the benchmark analysis consisted of the development of the case studies with the

aim to formulate some relevant insights to the pre-study. This included an analysis of each benchmark organisation as well as a summary of issues that emerged throughout the various case studies.

Selection of benchmarked organisations

Table 2 presents the organisations which were considered to be benchmarked as part of this analysis, as well as how they rank on different criteria and their overall "score," summarising the overall pertinence of possible organisations.

A first observation is that many possible benchmarks score relatively low reflecting the dearth of scaleup institutions like the one envisioned by Nordic Innovation.

Ideally, the organisation should have a clear focus on scaleups (or high-growth enterprises with a broadly similar definition). However, considering the limited number of organisations that actually focus on scaleups, the search was broadened to include institutions that mainly focus on startups and have only recently become more interested in scaleup companies. In other words, a clear focus on scaleup companies was considered only as one criterium and not an absolute must for the inclusion as a benchmark.

An additional consideration for selecting the benchmarks was to have a diverse mix of benchmarks in terms of geography and especially in their operational models. A final, but important consideration in the selection process was the availability

of information and access to potential interviewees. In some instances, respondents indicated that participating in this study was not seen as their strategic priority and declined to be interviewed (despite efforts to minimise their time commitment). This constituted a practical constraint in the selection process.

Research method

The benchmark analysis was based on semi-structured interviews with key stakeholders in the benchmarked organisations, with interview questions shared in advance to allow the interviewees to prepare. The summary notes were shared with

the interviewees after the interview for feedback and additional information purposes. The interview questions were guided by the terms of reference of the study, and further by insights from the previous phases and feedback.

The analysis was complemented by desk research of publicly available information of the organisations under analysis, such as research papers, annual reports, press coverage, social media posts and so on. Finally, some of the organisations were re-contacted with specific questions on issues of particular interest that were considered as meriting further scrutiny.



The ScaleUp Institute (UK)

Background information of the organisation

The ScaleUp Institute¹³ (in the UK) was established in 2015. They are not a membership organisation, but rather think of themselves as a research and education organisation with the mandate to make the United Kingdom as the best place in the world to scale up a business. It was created by private actors, but with strong backing from public institutions and, from the outset, aimed to build alliances and collaborate with the main ecosystem actors, such as large businesses, financiers, diverse policy makers, local community leaders, entrepreneurs and so on.

The overall ambition of the Institute is “that Britain becomes the most fertile ground for businesses, not only to start up but to scale up and grow”. Their aim is to “advance understanding of how to scale up a business, and how to build the most effective environment in which scaleups can flourish”. Based on in-house research and thought leadership they collect best practice, provide opportunities for scaleups to meet and exchange their ideas. The important part is the Institute’s work with policy makers to keep scaleups high on the political and business agenda.¹⁴

The establishment of the Institute coincided with a mounting realisation of a “scaleup gap”

Looking back, a 2013 report from the OECD was important for the creation of the institute, and it provided the basis for the rationale to set up an organisation focused on scaleups. While the United Kingdom performed well on startup indicators, the picture was different for scaleups. This gap seemed consistent over time and with other evidence with relatively clearly established reasons for why this was the case. This picture was confirmed by the Scaleup Report on UK Economic Growth, which was instrumental in the creation and expansion of the Institute.¹⁵

A related development is the rising interest of SMEs as a very heterogeneous group of enterprises. The financial crisis provided an additional rationale to focus on specific segments of the SME population. In short, policy makers and researchers need to differentiate, given that the needs of different groups of SMEs are very different.

The UK experience showcases that the private sector is interested in supporting such an organisation, again given the right timing, mandate and partners. The partners

¹³ <https://www.scaleupinstitute.org.uk>

¹⁴ Based on information in official accounts, available at: <https://find-and-update.company-information.service.gov.uk/company/09959547/filing-history>

¹⁵ https://www.scaleupinstitute.org.uk/wp-content/uploads/2019/12/scaleup-report_2014.pdf

they are working with have a macro-agenda, and they want to do the right thing for the whole ecosystem. In other words, providing a clear value proposition and having the right people on board, goes a long way in attracting interest, funding, and collaboration opportunities.

The founders of the Institute benefited from close ties with the scaleup community

In the case of the ScaleUp Institute, it was central to have people with key connections in the banking industry, business angel network, and similar as founding members of the Institute. It was key for the Institute to build on pre-existing relationships to set up partnerships. Irene Graham OBE, co-founder and founding CEO, is the former senior banker at Standard Chartered Bank and a Managing Director at the British Banking Association, thus bringing valuable understanding and connections in the banking industry. She was also involved in setting up the UK Business Angel Association and is well familiar not only with the funding side but also the needs of the early-stage and growing businesses.

Their staff and board members reflect the important stakeholders in the ecosystem, which needs to be represented to the extent possible (implying that a mix of different backgrounds needs to be present within the organisation). The board of the Institute brings this diverse but complementary expertise from a variety of organisations: board-level experience at public and private software and technology companies, the London Stock Exchange, Goldman Sachs (with their 10 000 Small Businesses programme in the UK), advertising industry and expertise in cross-media strategic brand communications planning, perspectives of the FinTech community and the ecosystem with financial services clients, bodies,

regulators, advisors, entrepreneurial experience, academic research on the topics of entrepreneurship and innovation.

It is important to note that the ScaleUp Institute wants to build on what already exists, accelerates good practices and emerging trends, and especially avoids to “crowd out” pre-existing private and public initiatives (and rather aims to crowd these into the extent possible). In other words, there was a careful reflection of the current landscape before deciding on the exact mandate and activities of the Institute.

Organisational and financial structure

Team and governance structure

According to the official annual accounts, the average number of employees has grown from 2 (in 2016) to 9 (in 2021). The ScaleUp Institute has a team of 12-13 people referred as the core team. This includes a co-founder and CEO, a Chief Operating Officer, Head of Projects and Programmes, Programme Managers, Senior Project and Research Officer, Research and Data analyst, Editor, Head of Public Affairs and External Relations, Public Affairs and Policy Officer, Events Officer, Head of Finance, and Executive Assistant to CEO. The team covers research, policy and public affairs, and public engagement.

The Institute is governed by Main Board, comprising of independent senior stakeholders (see above), as well as the CEO of the Institute (who also takes care of the operational management). Board meetings, which set out the strategic direction of the Institute, are organised every quarter of the year. In addition, four board subcommittees have been created to strengthen the governance, namely:

- Evidence Committee (with 6 members)
- People, Talent and Leadership Committee (with 16 members)
- Access to markets Committee (with 12 members)
- Finance and Risk Committee (with 10 members)

The Institute also has a network of close to 100 ambassadors in all regions of the United Kingdom. The ambassadors can act as local contact points for scaleups and other ecosystem actors with a diverse profile ranging from civil service (in the area of high-growth entrepreneurship), founders of scaleups, serial entrepreneurs, staff members of businesses that work with scaleups, etc. The Institute categorises their ambassadors into the following groups: Scaleup Champion, corporate, educators, entrepreneurs, finance support, government, supports, and large corporates. It is possible to request an appearance of the ambassador by filling in an online form¹⁶ directly on the Institute's website by indicating who you want to request and explaining the reasons.

There are 12 lead supporting organisations, including leading private sector companies such as O2 (telecom services), Google, GroupM (media investment company); banking and finance sector such as British Business Bank, NatWest, London Stock Exchange; funding providers and support organisations such as BGF and Better Business Finance; innovation sector such as Innovate UK (UK's innovation agency) and Catapult Digital (technology innovation and research centre); accountancy firms such as Smith & Williamson; and Export Growth Partners.

Finally, there is a core group of universities, secondees and research partners, who can support on various research assignments and other activities on a needs basis. Among the associate supporters the following are mentioned: universities such as Aston Business School, University of Cambridge Judge Business School, University of Oxford Said Business School, University of Sussex; law firms Bird & Bird and Sullivan & Worcester; finance and investment organisations such as Silicon Valley Bank, ScaleUp Capital, finnCap; network organisations such as the UK BioIndustry Association, Creative England, Tech Nation; as well as the British Library, Lanchashire County Council, Lazaridis Institute, Nesta, Rockspring, and Vistage (executive coaching firm).

Financing model

A key insight is that the public sector only plays a relatively small role in their funding, with the private sector playing a much larger role. The possibility to pique the interest from a broad range of stakeholders hinges in their clear mission and mandate, with actors recognising the important role the institute can play.

Seed funding (in the early phases of the life of the Institute) was also provided by the private sector, in particular the banking sector. This reflects that the Institute was mostly a bottom-up initiative, with ecosystem actors driving the process and many keen to engage with them. This includes banks, investment banks, angel investors and family offices.

The UK example highlights that receiving backing from various actors

¹⁶ e.g., <https://www.scaleupinstitute.org.uk/request-an-appearance/?ambassadorreq=Chris%20Blundell>

is also important and not to become overly dependent on one organisation (as is sometimes the case with other organisations of this nature). The interviewees stressed that sponsorship does not entail exclusivity and they have the right to collaborate with (and seek funding from) competitors.

The Goldman Sachs Foundation is the founding partner of the ScaleUp Institute with their ambition to strengthen “the overall UK entrepreneurial ecosystem and providing high growth small business with a strong foundation to scale”. In addition, there were several other supporting organisations at the starting phase of the life cycle of the Institution (with fewer financial backers than is currently the case). In addition, and as part of the agreement with Goldman Sachs and others, the relationship did not impede the potential to collaborate with competing organisations in any way.

The funding from their partners contributes to the overall organisation and activities (through a mix of funding models). It is considered suboptimal to have partners fund specific projects and activities only, but such bespoke opportunities may arise as a complement.

Turnover of the ScaleUp Institute in 2022 was close to 2M GBP, ending the year with a profit of around 200.000 GBP. That was the largest turnover since the start of the operations. The lowest turnover was in 2017 (around 365.0000 GBP). The level of government grants was different throughout the years, e.g., nearly 1.7M

GBP in 2021, 831.550 GBP in 2020, but only around GBP 10.000 in 2019.¹⁷

Main activities

While the ScaleUp Institute sets up a broad range of activities (and increasingly over time), its core remains collecting reliable and timely data, as well as focused research and policy advocacy.

Broad range of research activities

The Institute is very active in research. Several recurrent publications provide intelligence on the scaleup population active in the United Kingdom with the annual Scaleup Index as the main publication, which puts a clear spotlight on the issue. Other publications put a spotlight on specific segments of the scaleup population:

- the “Small Business Saturday Scale-up Index” focused on scalers active in B2C,
- the Family Business Index, which, as the name implies, provides more information on family-owned scalers,
- the Scale-up Green Economy Index and
- the “Scale-up Female Founders Index.”

There are also thematic publications on issues of particular relevance to the success of scaleups in the United Kingdom (and presumably beyond) alongside the themes of talent and skills, leadership, access to markets, finance, and infrastructure. The most recent one, in late January 2023, focused on the Debt Finance Journey (in the broad area of finance).

¹⁷ Financial information taken from <https://www.gov.uk/government/organisations/companies-house>

An important observation is that most of their research is done internally. Even though they collaborate with various partners, they are typically the lead partner in (research) projects they are involved in.

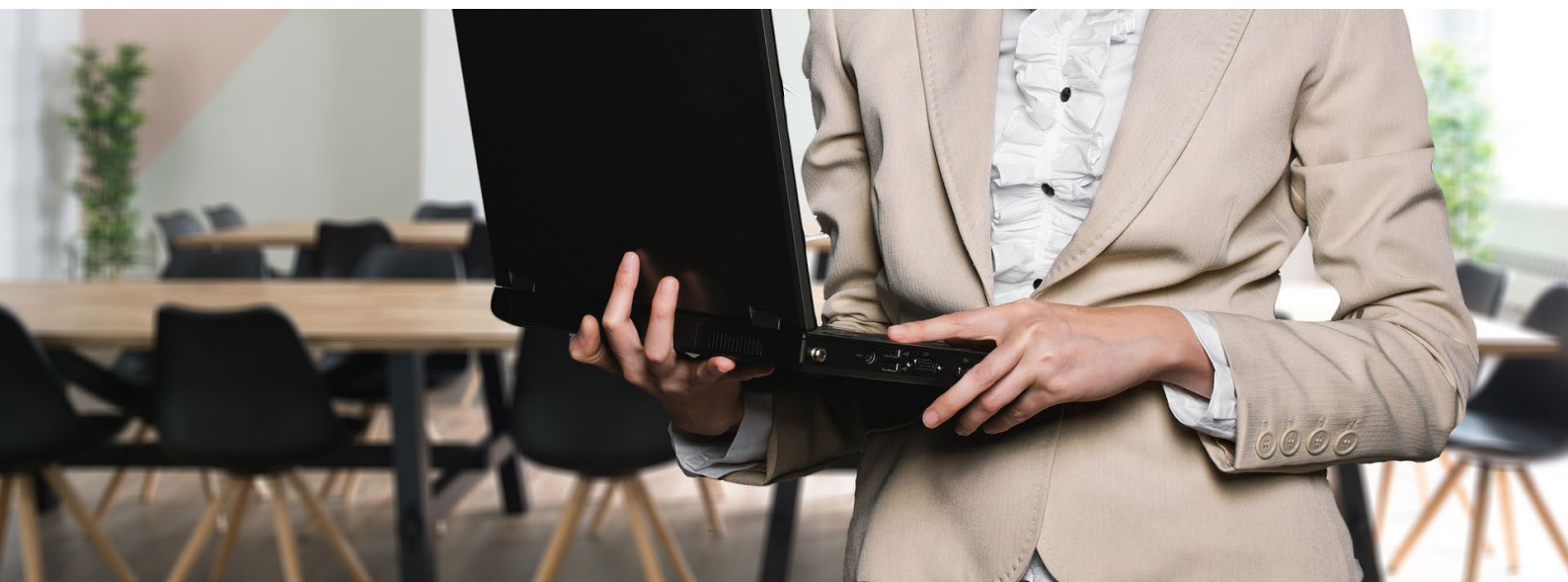
Other services and partnership activities

One service that the Institute provides is help to scaleups and potential scaleups to navigate the policy landscape. On their website they list 268 programmes available in the country for businesses to growth, but only 57 programmes that are endorsed by the Institute. They endorse specific programmes that work according to predefined criteria, and guide business owners and entrepreneurs towards these programmes, also considering the profile and characteristics of the company they run. Such endorsed programmes, for example, are Stevenage Bioscience Catalyst, F4S (founders4schools), Innovate UK EDGE Scale Up Programme, Scottish Enterprise Growth Investment Team, Goldman Sachs 10,000 Small Business UK,

Mayor of London's International Business Programme, and more.¹⁸

The Institute also supports local ecosystems by connecting actors, based on direct links, partnership links and local engagement.

In addition, they have access to data from various sources, both proprietary and non-proprietary. This database, which has been developed and expanded over time, is shared with ecosystem actors on a case-by-case basis. This is regarded as a service to the community, not as a profit generating activity (so no selling their data is done). They use a raft of data and work directly with partners, including the public sector. As a case in point, the ScaleUp Institute works together with the British Business Bank in uncovering and analysing equity investment patterns, as well as with the Treasury on the equity gap, and complement the data and insights from these organisations with other sources.



¹⁸ For a full list of endorsed programmes, see: <https://www.scaleupinstitute.org.uk/find-programmes/?pag=3&endorsed=1>

The ScaleUp Institute also scrutinises the impact of policy interventions on scaleup companies and works together with policy makers to improve the general business framework as well as targeted policies. This includes engagement with various Select Committee and policy initiatives such as

the Prime Minister's Council on Science and Technology and the Government Life Sciences Scaleup Taskforce.¹⁹ The introduction of the Scale-up Visa Scheme in August 2022 is one example of a policy development which has been endorsed by the Institute for some time.²⁰

Key takeaways

A diversified range of financial contributors is essential for the long-term viability

There is a strong push to diversify the funding options, including different actors in the ecosystem. A similar organisation would be well advised to follow this lead and aim to involve different stakeholders for relatively small contributions, rather than one or a few funding sources. This diversification may take some time, as it is likely to become easier to attract interest from a broad range of actors once the Institute is better established and recognised.

Strong ties with the scaleup ecosystems are important in this and other respects

The close links between the staff of the ScaleUp Institute and the central actors of the ecosystem appears central to its success (including, but not limited to its financial independence). A counterpart of the level of the Nordic countries would benefit from the recruitment of people with pre-existing ties with (some of) the scaleup ecosystems (with the added difficulty that it may be very hard to identify people with connections to all five countries).

Using different methods to identify and reach scaleups

In part, they rely on data to identify who the scaleups are in the different regions of the United Kingdom. Companies House²¹ is one such source of information, as well as HM Revenue and Customs, the British Business Bank and the Treasury, which combined with other data sources, allows to spot scaleups and potential scaleups (before they experience their growth spurt).

Other partnerships and good connections with ecosystem actors allow them to identify and reach out to scaleups in a more qualitative manner.

Operating in different regions can provide added value

One important feature of the potential Nordic Scaleup Centre is that it would operate in five countries. The example from the United Kingdom may provide some lessons in that respect as the union consists of different countries as well. As a start, it is important to note that the Institute is operational in all corners of the United Kingdom and have set up activities beyond the borders.

¹⁹ <https://committees.parliament.uk/writtenevidence/109251/pdf/>

²⁰ <https://www.gov.uk/government/news/scale-up-visa-will-propel-high-growth-businesses>

²¹ The executive agency of the British Government that maintains the register of companies, employs the company registrars and is responsible for incorporating all forms of companies in the United Kingdom.

It is worth noting that the innovation ecosystems across the United Kingdom have specific characteristics, not unlike the ecosystems across the Nordic region. In general, they believe there is a case to be made to set up a similar institute spanning several countries.

The segmentation of scalers into different segments could be a useful model

The database collected by the ScaleUp Institute is sufficiently detailed to allow to break down the overall population into different segments. This allows to conduct research into their specific characteristics and needs. As one example, only a relatively small minority of founders are female, despite policy efforts to the contrary, and there is considerable interest from researchers and policy actors to understand the reasons behind this observation better.

Interviews with stakeholders active in the collection of data in the Nordic countries suggest that, while ample data is being collected, there is not enough capacity to fully analyse the databases, including by segmentation, and the UK example could be illustrative in outlining the untapped potential in this respect.

While the aforementioned research areas were designed with the United Kingdom in mind, it seems likely that these factors also determine the success of scaleups in the Nordics. Research projects could be structured alongside similar themes for that reason.



The Erasmus Centre for Entrepreneurship (Netherlands)

Background information of the organisation

The Erasmus Centre for Entrepreneurship is based on a university-driven model

The Erasmus Centre for Entrepreneurship²² (hereafter: the Centre or ECE) was established in 2013. Its overall model is university-driven. Universities are often pillars of entrepreneurial and innovation ecosystems (as one of the elements of the quadruple helix), and the Centre aims to build on that position.

This is exemplified by the role and position of Justin Jansen, Professor of Corporate Entrepreneurship at the University of Rotterdam, who has been the Academic Director for the first ten years of the Centre and is currently a research fellow. He also acts as the link between the Centre and the rest of the university, which in turn builds on an established track record when it comes to SMEs and entrepreneurship.

For-profit company with an independent legal structure

ECE is a for-profit company and has a separate legal status. It is a commercial venture with the university as its sole shareholder. Important in this respect is that the organisation prides itself on its commercial mindset (referring to the organisation as a company for instance), while at the same time wanting to make a positive impact on the scaleup ecosystem and the society at large (reinvesting the profits for instance). It is also worthwhile

to highlight that this for-profit focus was a conscious decision from the very start of the organisation.

As a testament to this entrepreneurial culture, employees are encouraged to seek funding and ensuring that the activities are profitable or benefit the organisation in other ways. Activities which generate revenue include contractual research, campus-related events, and (especially) executive education for entrepreneurs and business owners.

A commercial mindset does not impede the development of activities that entail mostly non-pecuniary benefits

It is clear that some activities do not lend themselves to making a profit but are valuable for the long-term outreach and prospects of the Centre. As one example, delivering a scaleup report gives publicity and status and may open the door for follow-up research and funding opportunities, but is hard to monetise and make a profit in the short term and strict sense. Activities that are lossmaking by themselves but have a positive impact otherwise will be retained. Another example of these sort of services are the renting out of space for startups and growth companies. This is not their core business, and inherently hard to make a profit from. It is more considered as a service to potential alumni of tomorrow and the ecosystem more generally.

In other words, too much emphasis on the costs and profits from individual activities is considered as misguided, as those that bring long-term benefits are equally important than those that bring revenues in

²² <https://ece.nl>

the short time. At the same time, there is a culture in place to critically assess the added benefit (broadly defined) of what they do, and cull or modify those that do not bring enough value to the table.

Organisational and financial structure

There are 25 people (or 19 FTEs) working in the Centre. The annual budget is around EUR 2 million. An important consideration is that the diversification of funding sources goes hand in hand with a broadening of the portfolio of activities.

The (financial) self-sustainability is important, and brings autonomy and independence

Financial self-reliance is beneficial, especially for the long-term prospects of the Centre. There is a reluctance to rely (too much) on public sources of funding, which may allow an expansion in the short term, but would endanger the viability of the Centre at a later stage. Much of the potential public financing sources are on a project-basis, and there is no steady income involved, which implies an inherent risk to expand.

At the same time, some projects are indeed funded by public subsidies, both during the time of the interview as well as previously, indicating no aversion to public sources of finance. In fact, the funding (as a subsidy for the establishment of the Centre provided by the Ministry of the Economy) proved useful in the early stages to build up the necessary capacity. In fact, there is a growing interest to bid for projects under Horizon Europe, which are often long-term in nature and complement other sources of funding. It is important to note that, even in the early stages of the Centre, public funding played only a minor part in the funding

arrangement with a commercial outset present from the very start.

Diversified range of funding options

Alumni entrepreneurs also provide some funding to the Centre. Especially in the early years, their funding was instrumental in accelerating certain activities that required external funding in the beginning, but which can currently be run without. In addition, their role is important as a sounding board and an important source of intelligence and inspiration, again underlining the synergies inherent in their business model.

In similar spirit, a strong dependence on one single source of funding from the private sector is also deemed undesirable and there is a clear preference not to “put all the eggs in one basket”. ING, a Dutch bank, is for example an important funder, but by no means the only one. A diversified portfolio of funding sources makes the organisation more robust and is a signal of analytical independence. As another case in point, their partnership with one commercial bank should ideally not preclude collaboration with competitors in the market, which represents another reason not to be too closely associated with one organisation.

The emphasis on scaleups has grown over time

In the early stages of its life cycle, the emphasis was more on startups. In that sense, they started with startup programmes and that constituted the foundation as a platform for students and alumni to address skills shortages necessary to run a (young) company.

An important reason for the “shift towards scaleups” were interactions with alumni entrepreneurs, which are part of the board of advisors and were instrumental in

allowing the ECE to become a central actor in the ecosystem.

The shift from startups to scaleups (which took around five years in total since the creation of the Centre) coincided with a similar recognition from the Dutch government about the importance of scaleups and to better understand their unique features and (policy) needs.

Main activities

Research as the core activity

Among other things, the close links with the University means that research and data collection and analysis is at the core of the activities of the Erasmus Centre for Entrepreneurship, and typically the starting point of other activities they pursue. In particular, they want to better understand the internal dynamics of high-growth firms and how ecosystems develop over time and what conditions allow them to thrive. In a nutshell, they want to apply research for practical purposes and, conversely, to base their more “theoretic” research agenda on real-life observations.

They collect real-time data to be informed about what is happening within firms and in the ecosystem, also at the regional level. Case studies are also important, allowing for a longitudinal perspective of scalers (and firms with high growth potential). These approaches shed light on the skills needed in enterprises.

The insights from the research and data analysis feeds into their programmes for

entrepreneurs, highlighting the synergies within their business model. As another example of the synergies of their business model, they keep close contact with alumni entrepreneurs (who for example act as board members of their organisation). They have several annual publications which “puts them on the map,” in particular, the Scaleup Dashboard, which describes the landscape in the Netherlands.²³

Ecosystem engagement and services to business leaders as another core activity

Partly as a service to the community and as an increasing part of their activities, they aim to bring together ecosystem stakeholders and improve connections among them. This was perceived as a natural extension of their remit as time went by and they became better connected with the main ecosystem actors and had better data and more experience.

The events they organise could be further complemented or enriched or to be formed based on another activities, for example setting up business development programmes in specific areas for entrepreneurs or business owners.

They provide several courses, such as the Erasmus Scaling Programme, for scaleup business leaders and executives. This builds on their data and research and benefits from their outreach in the scaleup community (allowing peer-to-peer learning and the sharing of experiences to take place during these courses).²⁴

The ECE campus is also well designed for such learning activities and community

²³ <https://ece.nl/research/scaleup-dashboard-2022/>

²⁴ <https://ece.nl/buildtoscale/>

building to take place. From the beginning, it aspired to be a place where (would-be) entrepreneurs, alumni, potential investors, representatives from the government, and large corporations could meet and interact. Its campus also hosts a multitude of (startup) companies.

Scope and linkages with the broader ecosystem

Increasingly, business schools are engaging more and more with society, as part of their so-called “third mission” (in addition to teaching and research). What sets the ECE apart from many others is their clear focus on scaleup companies. In addition, they will celebrate their tenth anniversary in 2023 and have over that decade expanded significantly into ancillary activities. They thus consider themselves as frontrunners which may provide inspiration to similar organisations in other parts of Europe and beyond.

They focus primarily on the Netherlands, but also specifically on the region of Rotterdam and on wider ecosystems beyond the Netherlands. Most of the research and ecosystem activities centre on the Netherlands, but they increasingly engage with partners outside of the Netherlands, including with the topics of Nordic Innovation that transcend the Dutch context.

As many of the challenges that scalars face, and their characteristics, are shared across different countries and ecosystems,

there is value in sharing experiences and policy practices and lessons learned across EU countries and beyond. This point holds some lessons for Nordic Innovation, as many insights and lessons learned from one ecosystem may be relevant to another within the same region.

In that sense, collaborating with outside and foreign partners is again a natural extension of the (research) activities, and something that took place more often as time went by and the Centre became more established as a recognised actor in this area.

Collaborating with similar organisations abroad is considered as mutually beneficial.

One other example of a “spin-off activity” are the “train-the-trainer programmes” that they have been running, and which are expected to become more important over time. The main ambition of these programmes is to train people across the world to set up similar centres, for example with the United Nations in emerging countries where capacity building is typically in short supply.

In addition, part of their activities is focused on the wider Rotterdam ecosystem. There is value in organising events and hosting activities for that region, given its specificities and stakeholders who are mainly active in the Rotterdam area.

Key takeaways

The university-driven model appears to be quite specific, but could potentially be replicated to some extent

The university-driven model is quite common across Europe and beyond. What sets the Erasmus Centre apart, is that it has been in existence for a long time and has expanded its activities, becoming active in more domains than research such as community engagement. The Centre could thus be considered as a front-runner for similar organisations.

The prevalence of this model (with many, if not most, potential benchmark organisations not contacted for this study that could be broadly categorised as “similar” to Erasmus) suggests there are some “natural synergies” from an organisation focused on scaleups with a university or business school at its centre. Even though the organisational model of the Nordic Institute may be quite different, there may thus be merit in exploring how to develop close ties with universities and business schools in the region that have an interest in the topic of entrepreneurship, high-growth businesses and related areas as this appears mutually beneficial to both parties involved.

As a practical recommendation, Nordic Innovation could explore the leading institutions in its region and gauge interest to cooperate. In particular, organisations who already have an interest in (high growth) entrepreneurship, may be especially keen to develop joint work or act as knowledge partners which may be mutually beneficial for both parties involved.

Considering the regional focus of the activities

It is important to note that some of their activities focus on the Rotterdam area. For

example, community building lends itself well to one specific geographical area, but even some research activities do not span the whole country. This may hold lessons for Nordic Innovation in the sense that not all of their activities have to span the five countries of the Nordic region, but rather can be conducted on one area, for example the Copenhagen metropolitan area under the Nordic Scaleup Centre umbrella.

At the same time, the collaboration with other similar organisations, and the research focus of some projects beyond the Netherlands, suggest potential value added of a multi-country organisation that can set the broad (research) agenda, compare insights across different ecosystems and can disseminate good practices. This provides part of a rationale to set up an organisation at the level of the Nordics.

Highlighting the case for scaleup ‘knowledge gap’

Even though there is ample evidence of the importance of high-growth firms (or scalers) in terms of the generation of employment, R&D investments, output or other metrics, this enterprise segment is generally not that well understood, for example when it comes to their reasons for success (and failure), how policy can be supportive, their long-term dynamics or how they can be classified into different subgroups.

This is increasingly being recognised with policy makers, international organisations and private sector actors increasingly interested in that segment. The coincidence of an increasing interest in scalers and a still substantial knowledge gap is the reason why the Erasmus Centre for Entrepreneurship has firmly moved into this area over time. It also indicates that this may be an opportunity moment to establish a Nordic Scaleup Centre.

Start-Up Nation Central (Israel)

Background information of the organisation

Start-Up Nation Central²⁵ is a non-for-profit organisation in Israel dedicated to applying the roots and elements of Israel's innovation culture to build bridges between Israel and other countries, companies and entrepreneurs. It regards itself primarily as a connector and facilitator of exchanges, both within Israel and beyond. Ultimately, these bridges will lead to collaborative economic growth, job creation and joint solutions to global problems.

It should be noted from the start that their definition on scaleups includes many more mature companies with considerable growth potential. In other words, their focus is not only on firms with high growth potential in the early phases of their life cycle, but also on firms that are typically referred to as scaleups.

It was created in 2013 as the gateway to the Israeli innovation community, especially with regards to companies in the ClimateTech, HealthTech and AgriFood-Tech sectors of the economy.

Organisational and financial structure

Strong reliance on philanthropy and donations

It is important to note that Start-Up Nation Central is not government funded and it relies solely on philanthropy and donations

for its funding. Its current headcount is around 120 full-time employees. In total, they have around a dozen financial backers, typically family foundations and often based in the United States, which contribute a sizeable amount of money into the organisation.

This financial contribution is generally not for a specific purpose or project, but rather for the overall operating costs. Some of the funding is project-based, but that is not the norm and typically is in addition to the funding of the overall organisation. In that respect, there are some projects that are publicly funded, but contribute to a minor share of the overall budget. Their general direction and agenda are set independently from these donations, which do not imply a say in content-related matters.

The number of potential financial backers is reportedly greater than their needs with some interested parties, allowing the organisation to carefully assess applications and be selective.

The Start-Up Nation Policy Institute as a sister organisation

The Start-Up Nation Central has a sister organisation, the Start-Up Nation Policy Institute²⁶ (SNPI), which is a think tank and is fully funded by philanthropy with a team of around 15 researchers. While this is fully part of Start-Up Nation Central and both entities collaborate, there is a considerable amount of independence given the different focus (prosaically stated on "thinking" and "acting" respectively). Its aim is to strengthen the Israeli innovation ecosystem and expand its impact. It works together

²⁵ <https://startupnationcentral.org>

²⁶ <https://snpi.org/en/>

with public bodies, high-tech industry, and other stakeholders, and organises roundtables on dedicated issues to have an open discourse, possibly leading to the formulation of policy recommendations to improve the business framework and targeted policies. For research SNPI relies on proprietary datasets, including the Start-up Nation Finder platform.

Simplified, it leverages the data on high-growth enterprises for research purposes, often with practical applications such as providing insights into the bottlenecks in the innovation ecosystem and evidence-based policy suggestions. Examples of their published reports include “Ecosystem Update: Q1 2023” (published in April 2023), “Education & Employment” (published in March 2023), “Women in High-Tech” (published in March 2023), and “2022 Ecosystem Report” (published in October 2022).²⁷

Main activities

The data as the foundation of the organisation

One can think of the organisation as having four floors. The “first floor”, or the foundation, is the data collection aspect. They have developed the so-called Start-Up Nation Finder, which collects comprehensive data on startups (broadly defined, including most companies with high growth potential which are more mature), various investors such as business angels and venture capital funds, hubs (such as accelerators and incubators) and multinational companies active in the country. In total, 7.200+ startups,

hundreds of innovation scouts, investors, and accelerators are in the Finder, including many (if not most) scaleups according to the definition of Nordic Innovation. Access to this online platform is free.

Start-Up National Central has a clear proposition of the value from the Finder to the three stakeholder communities:

- investors can get snapshots of the best Israeli tech companies, which could help the investors to speed up their deal flow;
- startups can find investors and multinational corporations interested in innovative companies;
- corporations, interested in driving innovation in their organisations, can find advanced Israeli tech solutions.

Outreach, ecosystem development and innovation diplomacy

The “second floor” is outreach, whereby they act as gateway to foreign delegations who want to learn more about the innovation ecosystem in Israel and related issues.

The “third floor” has two pillars, with ecosystem development the largest one. In a nutshell, this means helping the local ecosystem to thrive and remain on the cutting edge. One activity is local and sector-driven, for strategic partnership. Digital health and healthcare, second is agriculture and food and climate and sustainability. They manage accounts, have sector specialists with the aim to connect actors in these sectors (including multinational companies interested in finding an Israeli partner).

²⁷ For more reports, visit: <https://snpi.org/en/publications/>

They often host meetings which facilitate exchanges between selected growth companies and investors on the one side and other stakeholder actors such as financiers, large corporations (both domestic, but especially foreign), non-governmental organisations, and diplomatic delegations on the other. In a sense, they thus have a mandate for investment promotion or connecting (foreign) firms with the local ecosystem actors.²⁸

There is a second pillar within the “third floor”, which is quite new and could be described as innovation diplomacy. In short, the setting up and maintaining good relationship with different countries leveraging on the reputation of the Israeli innovation, especially with the neighbours and countries with good international relations such as Morocco, Bahrein, and the United Arab Emirates, including government officials. For foreign partners, they are a trusted party, having long-term relationships with their partners and largely considered independent from the political cycle.

The “fourth floor” are activities that are inherently hard to scale, such as (co-) organising one-off events or one-off initiatives.

In general, Start-Up Nation Central is selective in the activities it undertakes and takes care not to duplicate existing efforts and to build from strong points. For instance, it considers the three aforementioned sectors as strategically important and focus attention on them. It also does not (often) recommend seminars or peer-to-peer activities among the companies in its database, nor does it provide support, such as business development services to startups in the country.

Performance indicators

The Start-Up Nation Central has developed a grid of performance indicators for every activity that they conduct, so as to monitor the impact of what they do and have even developed a virtual currency to “measure the bang for buck” in a systematic and comparable manner.



²⁸ <https://startupnationcentral.org/engagements/>

Key takeaways

Israeli example is quite distinct and difficult to replicate

The Israeli innovation ecosystem is quite unique in many ways, such as its stronger focus on technology and B2B activities, its strong ties between the defence industry and its abundance of venture capital investment opportunities and so-called “unicorns” (compared to continental European countries), and strong links with the diaspora across the globe, bringing both financial support and expertise.

In turn, Start-Up Nation Central exhibits features that could be described as almost unique such as its financing model with philanthropy at its core (mostly from US-based individuals with close cultural and emotional ties with the innovation system in Israel and the success of the State of Israel more generally, which are sometimes perceived as closely linked). This in turn enabled the organisation to expand rapidly to a large size (also compared to other benchmark organisations in employment numbers) and become a core actor comparatively easily. The diplomatic innovation mandate to establish and develop ties with innovation agencies and other public actors from countries such as Morocco is also distinct from what Nordic Scaleup Centre has in mind and what other benchmark organisations have moved into and is not further explored in this study for those reasons.

Exploring funding from philanthropic organisations

At the same time, considering the importance of having a diversified range of funding opportunities highlighted in various parts of this report, it may be worthwhile to explore funding arrangements with

philanthropic organisations active in the region. The Israeli experience indicates the importance of the innovation ecosystem to the well-being of the country. While this is not fully replicable in the Nordics, an argument can be made concerning the role of scalers in tackling the major societal challenges of their host countries and beyond such as climate change mitigation and adaptation. This angle may be useful to explore in order to get the (financial) support from a select number of philanthropic organisations active in the region and with a vested interest in supporting their entrepreneurial and innovation fabric.

A final point of consideration is that the organisation found it easier to get (additional) funding as time went by and its contribution to the innovation ecosystem became clearer and better recognised.

Organising activities by “scalability”

The classification of activities according to their scaling potential is useful. In particular, the collection, compilation, and analysis of data on startups (which includes more mature high-growth enterprises according to their definition) is easily scalable by its very nature. In addition, the adoption of their model by other countries implies that it can be replicated relatively straightforwardly as well.

The economies of scope inherent to data-related activities seems relevant for an organisation at the level of the Nordics (also because it can build on existing collaborations within the region with statistical offices already collaborating and definitions data gathering methods already harmonised to some extent). At the other side of the spectrum, the activities that are considered as not easy to scale may be less

pertinent for the prospective Nordic Scaleup Centre (or should be relegated to “regional branches” with a limited role for the central organisation). Certain projects they conduct (for example to connect hospitals with their peers and relevant innovation actors, or initiatives related to the climate summit), are hard to scale by their nature.

Importance of reliable data for research and vice versa

“Data-driven” is a key word when describing the research activities of the Start-Up Nation Policy Institute. The comprehensive real-time dataset enables high-quality research. Viewed from a different angle, there needs to be sufficient research capacity to analyse the data that is made available to extract meaningful insights, for example to formulate substantiated policy recommendations.

Nordic Scaleup Centre could explore two roles in more depth. One is to develop and centralise research capacity to analyse the data that is already out there. Anecdotal evidence for example suggests that the data currently collected allows for a longitudinal analysis of the scaleup population in the Nordic countries, potentially shedding more light on their life cycle, but that there are insufficient resources to conduct this analysis rigorously. Conversely, improvements in the quality and breadth of data on scaleups would allow for better research, including outside of the Institute (for example by universities and business schools).

The Finder Platform could be a useful model for inspiration

The Finder platform has been developed internally and there were significant costs

involved to fully map the ecosystem, tag relevant information, develop tracking mechanisms, set up collaborations with public authorities etc. In the past, Start-Up Nation Central have supported other jurisdictions across the globe to adopt their methodology behind the Finder platform for creating a comprehensive map of the ecosystem, but that has been discontinued. This implies both that their model can be exported, but that it takes considerable effort and commitment to do (also reflecting that they employ around 15 data analysts to keep the database up and running).

It may be useful to inquire in more depth about the characteristics of their Finder tool²⁹ in order to adopt a similar approach at the level of the Nordics, possibly with less ambitious targets and especially in the inception phase of Nordic Scaleup Centre. While the costs are significant, the reported benefits are as well, as it is perceived as a public good towards public authorities, researchers, financiers and other ecosystem actors, and not in the least central to the other activities of Start-Up Nation Central.

Important to have people with good connections and in-depth knowledge to the ecosystem actors on board

The chairman of the Start-Up Nation Central was previously in charge of the innovation authority and therefore knows many key players in the innovation ecosystem and the issues at play. In similar spirit, many if not all of the “leadership team” members, i.e., senior staff members with managerial functions, have worked with or within the Israeli innovation ecosystem in previous positions (often with hands-on experience as entrepreneur themselves).

²⁹ <https://finder.startupnationcentral.org/>

AustrianStartups

Background information of the organisation

Evolution from a non-profit startup association into a broader network

AustrianStartups³⁰ is a non-for-profit startup association. The genesis was that around five people, (former) founders of startups, considered there is a need for a grassroots organisation as a missing link in the ecosystem. They have a strong focus on entrepreneurship and take the view that there is much to learn from failure and merit in trying one's hand at a young age. In the very early stages, at around 2007, their activities were limited to a Facebook group, which became a formal organisation in 2013.

Nowadays, there are around 30.000 people in the country listed as partners, a strong presence in all nine states of the country (with regional representatives in charge of local activities) and a core team of around 10 people as full-time employees (and around 20 on a more voluntary or ad hoc basis), guided by board members, an advisory board, friends and alumni.

They are part of the European startup network, and share insights and experiences with other members, e.g., in the annual conference of the members.

Their bottom-up approach and non-for-profit nature allows them to gain trust among various stakeholders as neutral and trusted partners. Their initial mandate to set up a

platform to connect and to inspire Austrians to become entrepreneurs was gradually expanded over time and their impartial image played a large role in that process.

They were the first to bring the main ecosystem actors together, and they benefited from an interest (and support) from funding agencies, accelerators and co-working spaces (several of which were set up at around the moment of the formal creation of AustrianStartups). From the start, they had the ambition to have a presence in all nine states of the country and set up activities throughout the country.

Increased focus on scaleups

AustrianStartups is not only focused on startups. It wants to include more mature firms with high growth potential in their database and activities (with the growth ambition and innovativeness as key selection criteria rather than the age of the enterprise). As one example, AustrianStartups organised events specifically for scaleup companies, in a breakfast format and various online events. As highlighted later, it may be useful to share experiences with them on how to get this right, given the considerable time constraints that scaleup businesses face.

As another example, they collaborate with scaleup founders in the capacity as mentors for younger (and typically smaller) high-growth firms to share their experience and knowledge. Finally, their annual flagship publication, the Austrian Startup Monitor, includes high-growth firms that have grown out of the startup phase.

³⁰ <https://austrianstartups.com>

Organisational and financial structure

Funding based on annual membership fees

Their main source of funding comes from membership fees. They have around 60 partners, ranging from big corporates, startups, SMEs, to public bodies who work with high-growth firms. The membership fees can vary according to the target constituency (with small firms paying less than large ones for instance).

This relatively large number of paying members ensures their independence (which could be put into question if there is a strong reliance on one contributor). Almost all of these are long-term supporters, whose partnership is renewed annually. This number grew over time, alongside their activities and increasing recognition of their role in the startup community. Many of these members encountered the organisation through its activities, became interested in its operations more generally and expressed an interest in engaging in a more structured way.

This is complemented by project funding with their youth entrepreneurship activities (see below for more information) largely publicly funded by the Ministry of Education, Science and Research. Finally, many events are financially self-sustaining through sponsorship deals (with selected partners setting up a “stand”).

Operating as an umbrella organisation

They have a central team based in Vienna but leave considerable autonomy to the networks in the nine states of the country, in particular when it comes to the organisation of network events. The core team has monthly meetings with the representatives of the regions and the team

meets in person twice a year to ensure some overall consistency as well as allowing the dissemination of good practices.

The central team members are often (former) entrepreneurs or have an experience with working with startups. In addition, their network proved useful to kick-start their operations. In addition, their organisation has around ten board members, whom the core team meets every month. These board members, who are well connected to the startup communities across Austria, provide strategic guidance and support.

Main activities

The activities reflect their grassroots nature

The events are typically community-generated, encouraging activities and ideas from the bottom-up that receive more exposure and outreach thanks to the organisation. They employ various means to “get the message out,” such as their newsletter, blogposts, the social media, as well as more traditional ones.

The purpose is very often to connect the different ecosystem actors. The “Stammtisch” is a central concept, referring to a group meeting held on a regular basis, often monthly. They have local representatives in every state that are representing the actors and they organise these meetings exploring different formats (for example breakfast meetings) and different themes with the biggest in Vienna. These venues often group more than 150 entrepreneurs and are focused on a specific topic of relevance to their constituents, as well as a panel of serial entrepreneurs, investors, and industry experts.³¹

³¹ <https://austrianstartups.com/stammtisch/>

In similar spirit, they organise various hackathons, and a “startup worldcup” in Austria, with the Austrian Business angel network. This is an annual competition for innovative young firms that, aside from rewarding the most deserving company and business idea, puts a spotlight on entrepreneurship and serves as an inspiration to would-be business leaders.³²

More recently, they have become more active in stimulating entrepreneurship among Austrian youths. This is implemented with the youth entrepreneurship week, a one-week programme where pupils can do a bootcamp all over Austria, as well the youth entrepreneurship programme, with weekly workshops and a very dedicated and tight-knit community.

Data collection and research

The fourth area of activities relates to data, research and voicing the concerns of the startup community to policy makers. In order to capture data and maintain their database of companies, they have their own CRM system which has developed into a substantial data platform, and it provides a good picture of the landscape, especially the bigger startups, together with Dealroom (a global data platform for intelligence on startups, innovation, high-growth firms and investments)³³. They also complement this database with publicly available data, government sources and by filling in data gaps by asking their members to fill out missing information.

On that note, their data is anonymised and is widely considered as the most reliable and comprehensive source of information

on the startup community. While it comes at a cost, their database enables AustrianStartups to raise their visibility, which in turn facilitates their other roles and growth into other areas.

AustrianStartups publishes a yearly “Austrian Startup Monitor”³⁴, which investigates questions such as where startups are founded, how they are financed, how the overall ecosystem is developing and so on. This builds on data from almost 3 000 startups in their network who are asked to participate in an annual survey. It is conducted in partnership with AIT Austrian Institute of Technology, and the Entrepreneurship Center of the Vienna University of Economics and Business. The Monitor does not investigate scaleups and focuses only on startups and takes (as it stated in the report) a very narrow definition of startups: they are younger than 10 years; are innovative with their products, services, technologies, or business models; and show or strive for significant employee or turnover growth.

It aims to track and identify startups in Austria over an extended period of time (in essence also covering part of the scaleup community) with around 500 responses for every edition. Questions vary from personal background of the founder or business owner (age, gender, educational attainment and so on), factual information on the firm (such as the market and sector in which it operates, how they finance themselves, its recent growth trajectory and so on), to more qualitative information about future prospects (in terms of expected growth, recruitment and investment plans, their

³² <https://www.startupworldcup-austria.com>

³³ <https://dealroom.co>

³⁴ <https://austrianstartupmonitor.at/>

personal viewpoint regarding the current and foreseeable economic situation). Some questions focus on the policy environment and aim to capture the main barriers and identify possible areas for improvement. Every edition also includes a few questions regarding a specific issue of interest for the startup community (such as female entrepreneurship or migration).

They conduct other studies as well, for example on how to estimate the economic impact of startups on the economic fabric. However, this is considered as more of a niche activity, which can be conducted on an ad hoc basis if the right opportunity (and partnerships) arises.

Outreach to Austrian government through the Startup Council

AustrianStartups are part of a broader consortium called the Startup Council. This

is an independent advisory body to the Federal Ministry of Labour and Economics, in which they, among others such as investors, incubators and accelerators, act as experts from the startup ecosystem to provide recommendations and suggestions for policy improvements for this part of the enterprise population.

This is part of a wider drive to conduct “participatory policy making” from the Austrian government and work in close consultation with key stakeholders when designing and implementing policies. AustrianStartups is well placed to voice the concerns of the broader community and has formulated 37 recommendations in this area.



Key takeaways

Operating as an umbrella organisation to bring together stakeholders across different regions

Even more than the most other benchmark organisations, AustrianStartups seems to be particularly successful in organising events for entrepreneurs and business owners. This could provide some examples also for how to engage scaleups across the Nordics.

More generally, their organisational model aims to strike the right balance between sufficient autonomy to branches across the nine states in Austria. In addition, they have a core team in place and regular meetings to ensure a consistency and “branding” of the umbrella organisation. These issues could be also relevant to Nordic Scaleup Centre. Even more so than in Austria, there is a rationale to work through networks in the main scaleup ecosystems (with staff members who have a solid network) to allow a tailored approach, especially if the Centre aims is to serve as a platform to connect between different stakeholders.

Reaching out and engaging scaleup companies is challenging

While hard to quantify, the Austrian experience suggests that it is relatively difficult to organise peer-to-peer learning meetings or other stakeholder meetings with and for scaleup companies, compared to startups, with time constraints a crucial

factor. At the same time, there is interest and initiatives for specific meetings for that segment of the enterprise population given their particular needs. As a possible recommendation, it may be prudent not to focus too much on the organisation of activities for XFscaleups but consider how it could help supporting regional grassroots actors in such activities.

AustrianStartups aims to have a strong presence on various social media platforms to reach out to their main constituency of business owners and entrepreneurs. This seems especially relevant for Nordic Scaleup Centre in case it wants to become a platform to share insights and host thematic workshops or other events involving scalars directly, as they may sometimes be hard to reach otherwise.

The annual survey as a flagship publication

Their annual flagship publication builds from a large-scale survey exercise, involving several knowledge partners. It benefits from their outreach efforts more generally, enabling them to include a large and representative sample of respondents. In turn, it substantiates the policy recommendations they formulate. Aside from factual data on their constituency, it also sheds light on more qualitative information. Nordic Scaleup Centre could also possibly design a similar exercise focused on scaleups.

Kasvuryhmä (Finland)

Background information of the organisation

Origins of the initiative

The name Kasvuryhmä roughly translates as “growth community Finland”, and this largely summarises what it does. The overall purpose of the organisation is to accelerate growth, internationalisation, and the renewal of Finnish companies.

Kasvuryhmä³⁵ was created in 2015 with financial support from various public institutions such as Business Finland and the Finnish Funding Agency for Innovation (Tekes). The establishment was driven by private sector actors, however. This was decided upon reflection of the divide between the enterprise community and civil service to avoid not being too far from the business reality. Kasvuryhmä does not focus on the role of government in businesses, but rather on how businesses can learn from their peers.

Technology Industries of Finland is an association of companies representing the interests of technology companies active in the country with around 1.800 members. Within that organisation, there was a perceived need for dedicated activities for midcap companies with high growth potential. This coincided with the recognition that startups are well represented and can easily take part in various activities organised by business associations, public bodies, chambers of

commerce and similar, and executives from big companies similarly have access to various networking events. However, the same did not hold true for midcap companies with high growth potential (a group of firms with similar characteristics as scaleups). There was a “missing middle.”

In 2014, Technology Industries gauged the appetite among their members in joining a separate entity to cover this enterprise segment. Around 100 firms expressed interest, which catalysed the creation of Kasvuryhmä one year later.

Clear focus on growth-oriented midcap companies

The companies with a turnover of minimum EUR 10 million, and maximum EUR 1 billion can become members in this organisation. The focus lies on companies with growth potential and ambition. They want to reach out to CEOs, chairpersons, and major owners of these companies.

In February 2023 Kasvuryhmä had more than 200 member companies. In total, there are around 2.500 midcap companies active in Finland, with around 15% of them can be considered as growth-oriented (indicating that their membership captures a relatively large proportion of potential candidates).

It is also worth mentioning that the members are quite committed and actively take part on the proposed events (and are encouraged to do so and voice avenues for improvement if necessary).

³⁵ https://www.kasvuryhma.fi/en/front_page

Organisational and financial structure

Three main sources of funding

In the first two-three years of its existence (up to 2017 or 2018), Kasvuryhmä was dependent on public subsidies. They introduced membership fees to their members in 2018, first EUR 2.000 per member which was gradually increased to EUR 4.000 in 2023. As they have more than 200 midcap companies as members, this roughly amounts to EUR 900.000 annually.

This is complemented by partnership fees from four to five large corporates, including banks and big consultancy firms, for an overall amount of EUR 300.000. These are long-term partners with strong ties to the midcap community in Finland. These partners have a vested interest in seeing the scaleup ecosystem flourish. Typically, this morphed from sponsorship deals (whereby specific events were sponsored) into something more durable and long-term beyond sponsoring. In particular, the role of these partners is not limited to funding only, as they are also involved in the strategic direction of the organisation. In return for the funding and time commitment, they receive visibility and exposure. The amount comes from the (sales and) marketing budget.

A third pillar is represented by project funding on a range of projects and with various funding partners. Although the amount fluctuates, it totals around EUR 300.000.

Organisation and resources

Currently Kasvuryhmä has 11 staff members (and two additional team members on maternity leave) with an annual budget of around EUR 1.5 million (see above).

The activities are steered by the Board of Directors, composed by seven respected business leaders. They regularly meet with the (key) staff to discuss the overall strategic direction.

Partnership is set up with several leading companies and organisations, such as Nordea, Varma, VTT, Tesi, PwC, the Foundation for the private entrepreneurs (Yksityisyrittäjien säätiö) and the Foundation of the Confederation of Finnish Industry and Employers (TT-säätiö).

Main activities

Peer learning services for members

The focus of Kasvuryhmä's activities very much lies on peer-to-peer learning. Members are assigned to a sparring team, based on their most important growth driver. This allows to group around 10 to 13 people from different industries who are working on the same topic and who all face similar challenges. There are 20 groups in total focusing on internationalisation, digitalisation, innovation, and one group on how to develop the ownership of their company. These sparring teams meet regularly, typically on the premises of the host member to discuss, sometimes with the support of specialists. The focus is very much on peer learning whereby all participants share their insights regarding a topic of interest.

These meetings are typically physical, but hybrid or virtual settings are also possible. Kasvuryhmä takes care of the organisational aspects for the meetings which generally take place around five to six times a year per sparring group. Together with the host,

Kasvuryhmä also sets up a sparring plan, detailing the agenda and what items can be subject to a peer learning process. The host typically outlines its case, while the others can intervene, share their own insights and experiences, and challenge one another.

The second service they organise for their members, partners, and would-be-members, takes place four times a year and is called the growth day. This is a big event centred on one big topic relevant for growth companies in Finland, for example sustainable growth, or ecosystems, talent competition and technology and digital maturity. In these half-day events, they bring outside speakers, and want to share good practices.

Repository of experiences and insights from members

The Open Growth Playbook is a relatively recent addition to what they do. It is a community platform, where they store the experiences more easily, making them visible and searchable to their members with an effort to document the insights in

a systematic and easy to navigate manner. The idea is that members with a challenge or query can search information in the database that may be relevant for their situation, which could in turn put into contact with other members. The Open Growth Playbook was at the piloting phase in early 2023.

Exploring other activities

It should be noted that part of the overall budget is invested into exploring other areas of expertise. One interesting observation is that Kasvuryhmä has a lot of data from their members, such as financial information and their growth strategies. They employ a full-time business analyst, with the aim to optimise the process and services and how they can be of service. This data leads to insights which are shared with their members, allowing them to compare their performance and various indicators with their peers. An ongoing discussion on how to further leverage the data, for example to provide tailored recommendations, is ongoing.



Key takeaways

The transition from public to private funding may be a model to follow

In contrast to the other benchmark organisations included in this report, Kasvuryhmä relied on public sources of financing in the early phases of its life cycle and then, once it became better established and its role recognised, moved to private sources of financing. A similar approach could be explored for Nordic Scaleup Centre, either with a full reliance of public sources of funding for the first years of operation (and a credible plan to complement this with private sources in the long run) or with a hybrid model where private sources are available from the inception, but not enough to cover the full costs.

In this respect and in hindsight, it may have been feasible to introduce a membership fee or explore membership options at an earlier phase.

Partnership model with a handful of large companies

The partnership model with a handful of large companies may work well for the prospective Nordic Scaleup Centre. These companies collaborate with high-growth enterprises on a regular basis and may consider possible collaboration with Nordic Scaleup Centre as a long-term investment in sales and marketing. “Visibility” is a key word in this respect with the partners expressing a key interest in being recognised by the members of Kasvuryhmä for their role. As is the case for other benchmarks, these organisations

typically commit for the long term and could thus be considered as a stable source of revenue. In addition, there may be some merit beyond the funding arraignments by collaborating with companies that are not scalers themselves, but are in close contact with them, for example for the research aspects of the organisation. Kasvuryhmä could possibly attract more partners, if necessary, but five contributors could be considered as ideal.

The partnership model seems particularly apt for organisations that are in direct contact with growth companies and provide outreach to growth companies directly. For the partner organisations, partnerships make sense commercially mainly because Kasvuryhmä has a relatively large number of growth companies as its members (and the membership typically entails active involvement).

Lessons for peer-to-peer services

Even though the focus lies on Finnish companies, the business model could be applied to other countries in the Nordics and beyond. If the prospective Nordic Scaleup Centre wants to develop peer learning activities and networking as part of its mandate, it could explore the potential and apply good practices from Kasvuryhmä. This would entail, among other things, a screening of such activities for scaleups in the five Nordic countries to identify what the potential gaps and needs are, in order to get a solid understanding of where Nordic Scaleup Centre may provide added value compared to the status quo.

Indeed, the worry not to replicate what already exists and to make use of well-established communities and platforms was raised during the interview with the suggestion to first conduct a market analysis before creating additional organisations or structures.

Adopting an experimental model and build a proof of concept

In the early years of its existence, Kasvuryhmä was open to conduct projects on various topics of relevance to midcap growth companies in Finland. As the organisation matured, however, they became more selective in conducting projects for two reasons. First, the financing

is sufficiently stable nowadays to afford to be more selective. Second, and more importantly, they want to focus on their core activities and decline projects that are too far from these. It took some time for the organisation to clarify the path ahead and what their role in the ecosystem should be.

In similar spirit, it may be natural for Nordic Scaleup Centre to keep the options open in the early years and after some time, clarify the added value and make the decision on the focus and what should be left outside to other organisations.

