An Open Letter to support the scale-up of the startup ecosystem in the EU

We, established corporates, partners of the Startup Europe Partnership and European Digital Forum, publicly reaffirm the need of a vibrant startup scene for Europe to thrive. We encourage other corporates to join us in our effort.

Why startups are important to Europe:

The very nature of startups makes them appropriate vehicles for testing and commercialising new technologies, products, services, and business models for the benefit of consumers. Startups are not marginal players in the modern economy. Young firms (five years old or less) accounted for only about 20% of non-financial business sector employment over the past decade, but generated nearly half of all new jobs, according to the OECD. According to SEP Monitor and the Scale-Up Report on UK Economic Growth, a growing number of them are turning into Scaleups, i.e companies able to produce revenue, employment and innovation at a scale. Therefore, if we take action now to focus on startups and scaleups, we will secure significant growth in jobs, taxes, wealth and the competitive advantage of Europe for generations to come.

Why Startups are important to Corporates and viceversa:

In an increasingly complex business context, the rules for new value creation have changed. In the New Economy, no organization is an island and the value comes from the network. Value creation will increasingly depend on networks and ecosystems and less on closed systems. The way innovation is done in large companies is changing: it’s become more “open,” and more based on a broader, collaborative “ecosystem.” “Open Innovation”, “co-creation” and “collaboration” have become much more than buzzwords. The best way to embrace this new context is by setting up the bridges to work with startups and paving the way for innovation ecosystems to emerge and develop, so startups are able to scale-up and accelerate the reach to market on our and other agents contribution to this vision.

What we believe:

• We recognise the importance of startups and local ecosystems as a key engine to grow grass root innovation and job creation.
• We emphasise the need of public entities and corporates for the development of local ecosystems, scaleups and startups able to grow and deliver products and services at a global scale.
• We recognise the need to play an active role to support the scale-up of the best European startups with the ultimate goal of creating a new generation of large corporates able to become worldwide leaders and innovators.
• We recognise our essential role for the support of a dynamic scale-up ecosystem, through a more active role in mentoring, opening our procurement channels and/or evaluating acquisition/acqui-hires as a way to maintain an edge in innovation.
• We recognise the importance of sharing best practices among us, with the goal of accelerating the learning curve of intra-preneurship culture within the corporation.
• We recognise the need to innovate by adopting open and lean approaches and the opportunity to learn from each other with startups.
• We recognise that our R&D and innovation efforts need to be coordinated with the innovation potential coming from startup companies.
• We recognise the role of European Commission to drive a joint effort through the Startup Europe initiatives such as Startup Europe Partnership and European Digital Forum.
• We recognise the need for the European Union to elevate entrepreneurship and investment at the centre of its policies, actions and strategies.

What we do:

Telefonica: Open Future is the Telefonica’s platform for investment, innovation and entrepreneurship. It is also a global and open program designed to connect entrepreneurs, startups, investors as well as public and private institutions all around the world. Open Future main objective is to bring at the cutting edge innovations, products and technologies globally and foster with private institutions specific programs focused on innovation and entrepreneurship with high impact in the industries/sectors to generate employment and economic growth. Open Future includes all sort of initiatives supporting the different stages that any entrepreneur will have to deal with during it lifecycle such as: a network of crowedworking spaces, a network of business accelerators (Wayra), different funding tools (Amerigo VC fund of funds, etc.) and an online cloud accelerator platform to track all their progress in order to help them to scale-up quickly to the next level. Open Future has had significant impact worldwide in more than 100K young talents, created more than 3.000 new high qualified direct jobs and managed more than €250M.

Orange: Orange is pursuing to bring together all of the different actors who deal with open innovation and startup acceleration around the company and technology industry to empower its nearer ecosystems (technology and geographically). Orange combines a wide variety of expertise and experience and work with startups and entrepreneurs in four main areas: i) Orange Fab acceleration program as cornerstone, which is already active in four continents, ii) venture capitalism (directly and through partners VCs, especially through the ‘Orange-Publicis Venture’ managed by Iris Capital), iii) API platform for developers (Orange Partner program) and iv) support to the ecosystem by collaboration with local incubators, co-working spaces and different initiatives (hackathons, events, etc.) in Europe and Africa.
**BBVA:** BBVA is carrying out a digital transformation in which innovation is undertaken through a collaborative and open model. The bank’s innovation centers play the main role in approaching the innovation ecosystem, especially the forging of strong ties with developers and entrepreneurs. An example of this is BBVA Open Talent with six editions and more than 3,200 startups from a numerous countries have participated; or Innova Challenge datathon, where BBVA opens a data trove to developers. In the first edition, 144 applications were submitted, and in the new Innova Challenge MX over 240 participants are already registered. BBVA is also investing in the most disruptive startups in the financial service industry through BBVA Ventures, which boasts 100 million dollar fund. SumUp, Taulia or Personal Capital are the latest companies in which BBVA has acquired a stake, investments that BBVA combines with the acquisition of Simple or the strategic agreement reached with Dwolla in the United States.

**Telecom Italia:** In 2009, Telecom Italia launched Working Capital (now renamed TIM #WCAP), a business acceleration programme which over the years has become best in class in Europe. In 5 years, the programme has accompanied many start-ups towards success, providing not only initial financial support, but also all the tools needed to grow, both in terms of infrastructure and technological know-how, and in terms of mentoring (a total of 220 start-ups have been incubated and accelerated from 2009 to date). In 2013, TIM#WCAP decided to expand its activities throughout Italy, in the principal nerve centres of Italian digital innovation, making networking spaces and training on topics of particular interest available to communities throughout the country, in collaboration with universities, incubators and local partners. For this reason four accelerators have been created, in Rome, Milan, Bologna and Catania, occupying a total of 3,500 square metres of space. In the same year, Telecom Italia also activated two important tools to facilitate and support the process of bringing the products and services of the selected start-ups to market, introducing the s.c. “Albo Veloce”, a list which currently contains around 140 start-ups, from which, through a fast-track registration process, they can become one of the authorised suppliers of the Telecom Italia Group, and the “innovation basket”, earmarking a budget of 1 million euros to cover part of the costs of services commissioned by the Telecom Italia Business Units from the TIM #WCAP start-ups. Finally, in 2014 Telecom Italia announced its debut in seed investment, with the launch of TIM Ventures, a company created with the aim of investing 4.5 million euros between 2014 and 2016 in options or stakes in the most innovative start-ups in the digital, internet, mobile and green ICT sectors.

**Microsoft:** Microsoft supports a global entrepreneurial network through our unique BizSpark programme, partner accelerator organizations, and Microsoft Innovation Centers. BizSpark programme provides startups with access to a global community of advisors, investors and partners as well as Microsoft software and services. More than 85,000 startups from over 100 countries have joined the program so far. Microsoft also works with a worldwide community of more than 200 accelerator partners (including TechStars, Seedcamp and 500 Startups) that support entrepreneurship by providing mentoring, events, advice, investment, training, marketing and services. Finally, 100 Microsoft Innovation Centers worldwide are facilities that provide world class resources and support for students, entrepreneurs and startups, accelerating the creation of new companies, jobs and growth of the local software ecosystem.
Wake up call:

- **We are at a make or break moment:** with Europe’s sluggish growth and sky-rocketing unemployment rates – especially among the youth – we run the risk of a lost generation – although the youngsters are the best equipped for dealing with the changing, more connected society we live in, given their natural inclination to engage with new technologies. Tech entrepreneurship and startups can offer them a fantastic opportunity to create the jobs they (we) so badly need and to kick-start growth in Europe.
- At the same time, **the new EU leadership is taking over and has never been more committed to engaging with the startup ecosystem to make it thrive.**
- We believe there’s no better time to act and to give the ecosystem all the support it needs to make European startups flourish and reach the scaleup stage. **We therefore encourage other corporates to join our effort by signing this Open Letter and taking concrete actions to support the startup ecosystem.** If not now, then when?

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