

# TACKLING THE SCALE-UP GAP

*Expert webinar* | 5 October 2021

## Agenda



European  
Commission

# Tackling the Scale-Up Gap<sup>1</sup>

## Rationale & Objectives

The objective of this webinar is to further evidence-based analysis and design of public policies aimed at improving access to finance for promising companies with high-growth potential, especially in their scale-up growth stage. Such scale-up companies are a small fraction of the start-up population that, when properly financed, disproportionately contribute to employment, innovation and growth (Acs, Parsons, & Spencer, 2008, Benedetti Fasil et al., 2021, Shane, 2009). For this reason, governments support them via a variety of means, including accelerators, guarantees, participative loans and governmental venture capital programmes. Such public support in the provision of finance is justified by a market failure since the companies in question rarely qualify for “traditional bank loans” as they often have no proven payback capacity and lack collateral. While there is an extensive body of the literature on the equity gap faced by promising start-ups in the early stages of their development – the so-called small equity gap – there is little research to date about the financing gap faced by companies in later stages of their growth – known as the scale-up financing gap or second equity gap. This webinar seeks to respond to the dearth of research and limited policy action through an in-depth discussion with academics, stakeholders and policy-makers.

The aim of this webinar is twofold: to identify and characterise the scale-up gap in Europe; and to discuss how to address it. Key issues include: (i) what is the scale-up gap and in what circumstances is it problematic?; (ii) the difference in the financial landscape between the EU and US and China; (iii) the causes and the economic consequences that arises from the scale-up gap; (iv) and what measures and instruments are available at EU level to bring about desired changes in scale-up finance?

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<sup>1</sup> Expert Webinar - hosted and organised by the European Commission's Research and Innovation Directorate General (DGs RTD), its Joint Research Centre (JRC) and the European Innovation Council and SMEs Executive Agency (EISMEA)

# Agenda

## 09:30 – 09:55      OPENING SESSION

Welcome – **Anna Panagopoulou**, Director RTD.A ERA & Innovation, European Commission  
Opening remarks – **Mariya Gabriel**, European Commissioner for Innovation, Research, Culture, Education and Youth  
Aims of the Webinar – **Mikel Landabaso**, Director JRC.B Growth & Innovation, European Commission

## 09:55 – 12:00      SESSION 1: Quantifying the scale-up gap for policy purposes

Chair and moderator: **Annalisa Ferrando**, Senior Lead Economist – Capital Markets/Financial Structure Division, European Central Bank (09:55 – 10:00)

### **1.1 Evidence and statistics on the scale-up gap (10:00 – 10:20)**

Key issues:

- What exactly is the scale-up financing gap?
- How is it measured and what is its value?
- How does the EU compare to the US, China, elsewhere?

Speaker: **Joseph A. McCahery**, Tilburg University, The Netherlands 10 mins

Open discussion on potential actions to be taken to measure and monitor the scale-up gap (e.g. tools, metrics, good practices in the Member States, national measures, etc.): 10 mins

### **1.2 The consequences of not adopting active measures (10:20 – 10:40)**

Key issues:

- What is known about the causes & effects of the scale-up gap?
- What is its impact on EU technological sovereignty, competitiveness, innovation, jobs & economic growth?

Speaker: **Armin Schwienbacher**, SKEMA Business School, France 10 mins

Open discussion on where policy would benefit from more evidence and analysis to measure the impact (e.g. available data, potential quantitative models, ...): 10 mins

### **1.3 Should EU policy intervene and why? (10:40 – 11:00)**

Key issues:

- Is there a particular market failure? Should policy makers become active?
- What sort of policy measures can be proposed and justified?
- What are the potential trade-offs of different types of policy intervention?

Speakers: **Julie Ferrari**, Independent Advisor & **Karoline Hallmeyer**, Alumni Board Member of the MA Program in Climate Society at the Columbia Climate School, co-authors of the World Economic Forum report “Bridging the Gap in European Scale-up Funding (June 2020)” 10 mins

Open discussion on what should be the role of government in addressing the scale-up gap, according to the evidence: 10 mins

## **BREAK (11:00 – 11:15)**

### **1.4 Moderated Discussion (11:15 – 12:00)**

Which questions need to be further researched and analysed to design better policies?

Discussants: (5 mins each + open debate)

**Gordon Murray**, University of Exeter, UK

**Martina Lawless**, ESRI, Ireland

**Monika Wieczorek-Kosmala**, University of Economics in Katowice, Poland

**12:00 – 17:00**

## **SESSION 2: Addressing the scale-up gap**

Chair and moderator: **Marie Wall**, Startup Director, Swedish Ministry of Enterprise and Innovation (12:00 – 12:05)

Presentation and discussion of potential financial instruments, with proposals and other considerations relevant to solving the scale-up gap and the way forward

Introduction to "Addressing the scale-up gap" and EU policy overview scene-setter (12:05 – 12:15)

**Jean-David Malo**, Director European Innovation Council and SMEs Executive Agency

**Xabier Goenaga Beldarrain**, DG JRC

### **2.1 Relevant policy measures, constraints and potential developments (12:15 – 13:05)**

Speakers: (5 mins each followed by open discussion)

InvestEU – **Giorgio Chiarion Casoni**, DG ECFIN

European Innovation Council (EIC) – **Keith Sequeira**, EISMEA

European Scale-up Action for Risk capital (ESCALAR) – **Rudy Aernoudt**, DG GROW

Growth capital for Strategic Digital Technologies – **Helen Köpman**, DG CNECT

Scale-up and structural funds – **Sara Dagostini**, DG REGIO

## **LUNCH BREAK (13:05 – 14:30)**

### **2.2 Stakeholder Groups Perspectives on the scale-up financing gap (14:30 – 15:00)**

Speakers: (5 mins each followed by open discussion)

EU Unicorns Group – **Mariano Sylveira**, VP of Public Affairs at Cabify

EU Innovation Ecosystems Leaders Group – **Jan Bormans**, European Startup Network

European Women in Venture Capital Group – **Kinga Stanislawska**, General Partner, Exporior Venture Fund

### **2.3 Financial actor/ investor perspectives (15:00 – 16:00)**

Speakers: (5 mins each followed by open discussion)

**Benedikt Kronberger**, BTOV Venture Capital, Germany

**Laurent Braun**, European Investment Fund

**Anton Malkin**, Chinese University of Hong Kong, Shenzhen – *Lessons from China*

**Samuel J. Boyd Jr.**, Chief Investment Officer, U.S. SBA – *SBIC Model*

## **BREAK (16:00 – 16:15)**

## **2.4 Moderated discussion (16:15 – 17:00)**

Key issues:

- The appropriateness/ feasibility of the type of Sovereign Mega-fund proposed as well as the individual alternatives discussed
- Possible actions to address the scale-up financing gap, including under a forthcoming Commission communication on a renewed innovation policy
- The size of the public contribution needed to leverage private investment when risk levels are above normal commercial practice
- How to make best use of the existing instrument and initiatives in funding scale-up
- Efficiency and fitness-for-purpose means of implementation

Discussants: (5 mins each followed by open discussion)

**Albert Medrán**, Director General, Office of the High Commissioner for 'Spain Entrepreneurial Nation'

**Maja Tomanič Vidovič**, Director, Slovene Enterprise Fund

**Philippe Huberdeau**, Secretary General - Scale-Up Europe

**Jörg Goschin**, Managing Director of KfW Capital, Germany

## **17:00 – 17:20      CLOSING SESSION**

### **Summary of Sessions (17:00 – 17:10)**

Rapporteur I: **Anita Quas**, University of Milan, Italy, Summary of session 1

Rapporteur II: **Colin Mason**, University of Glasgow, UK, Summary of session 2

Conclusions & next steps – **Anna Panagopoulou** and **Mikel Landabaso** (17:10 – 17:20)

**\*\* Webinar Close @ 17:20 \*\***