



UNIVERSITÀ DEGLI STUDI DI MILANO

JRC webinar: Tackling the Scale-Up Gap

Session 1 - Quantify the scale-up gap

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Rapporteur for session 1

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Definition and relevance of the scale-up gap

- (unmet) demand for finance for which scale ups?
 - Innovative, young SMEs (not any SME)
 - «Champions», «Outliers»
 - Want to internationalise/be global
 - Need to stay independent
 - Scale-ups subject to a market failure
 - Specific sectors: Technologies that need more money and longer time frame and with societal/environmental impact: Deep tech

The role of private VCs

- **Is there a lack of Private VCs?**
 - European VC industry is expanding fast: Larger VC deals, more later stage
 - VCs learn and seize opportunities
 - Moreover, they point out a lack of good quality demand for scale-up VC money
- **However, there might be a lack of Private VCs in specific sectors (e.g. deep tech, green tech)**
 - «Herding attitude» of investors
 - Lack of VC skills to screen/monitor in new sectors (e.g., green)
 - Not patient enough
 - Not big enough funds
 - Unclear interest for non financial objectives (Impact investing?)

Recommendations for policy

- Narrow the focus: not for any (potential) scale ups, but focus on....
 - Champions that want to grow internationally
 - Deep tech: Big societal challenges, need for large amounts of patient capital
- Pool and leverage private resources: blended finance, government as LPs, ESCLAR....
- Focus on demand side too
 - Entrepreneurial culture & diversity
 - Financial knowledge and financial capabilities (training)
- Not only financing! Ecosystem perspective (regulation & competition)
- More EU-level initiatives (accessible everywhere), as fragmentation leads to
 - Smaller «national» ecosystem (incompatible with scale of resources needed for scale ups)
 - Difficulty to source and «recycle» the best skills and resources internationally

Not every country can have their own Silicon Valley

Recommendations for academia and next steps

- **Capitalize /disseminate results** of existing research on government intervention in the entrepreneurial finance industry
 - Governments as VC (GVC) or as LP (GLP) experiences
- Carry out further research specifically focussed on scale ups
 - Better define them
 - Study their growth patterns
 - Gather more data on them & their potential impact



Thanks

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