JRC webinar: Tackling the Scale-Up Gap
Session 1 - Quantify the scale-up gap

5th October 2021

Rapporteur for session 1
Anita Quas
Anita.quas@unimi.it
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

Anita.quas@unimi.it