2018

ScaleUp Portugal

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EIT Digital is a leading European open innovation organisation that brings together a partnership of over 180 top European corporations, SMEs, start-ups, universities and research institutes. EIT Digital invests in strategic areas to accelerate market uptake of research-based digital technologies and to bring entrepreneurial talent and leadership to Europe.

EIT Digital is a Knowledge and Innovation Community of the European Institute of Innovation and Technology (EIT). EIT Digital headquarters are in Brussels with co-location centres in Berlin, Budapest, Eindhoven, Helsinki, London, Madrid, Paris, Stockholm, Trento and a hub in Silicon Valley. For more information visit: www.eitdigital.eu

Building Global Innovators (BGI) is a deep innovation global accelerator based in Lisbon (Portugal) with operations in Cambridge (USA). BGI was born from the MIT Portugal Innovation and Entrepreneurship Initiative (IEI) – launched to support Portugal's goal to strengthen its capacity in business education, technological innovation and entrepreneurship. The initiative was born out of a collaboration between ISCTE-IUL, MIT Deshpande Centre for Technological Innovation, MIT Entrepreneurship Centre, and MIT's School of Engineering.

In 9 batches BGI has accelerated 124 ventures, with a survival rate of 60%. BGI alumni have created 727 high tech jobs and raised over €196 Million. These results have led Valuer.ai to identify BGI as one of the TOP 50 accelerators in the world (2018) and Fundacity to pick BGI as one of the top 20 accelerators in Europe (2014). More recently, BGI has been strengthening its ties with the European Institute of Innovation and Technology, in 4 Knowledge Innovation Centres (KIC's) namely, EIT Digital, EIT Climate-KIC, EIT Food and EIT Health. Some of our alumni, like Feedzai and Veniam, are now valued at several hundred million euros. Exits are expected to follow soon.

To date, BGI develops not only several accelerators (for startups working in different industries and in different development stages), but also Open Innovation Programs (working closely with corporates), Education programs (including Hackathons and summer schools), and other initiatives aiming at developing innovation. For more information on BGI and its programs visit: www.bgi.pt

This is the second edition of the most comprehensive report on the Portuguese Entrepreneurial & Innovation (E&I) ecosystem. This is a dynamic report and a ground-breaking study of the top 25 emerging Scaleups with Portuguese origin . As such it will be continuously updated upon validation of new data. By taking a distinctive micro sample of the ecosystem we are able to obtain some insights on the Portuguese E&I ecosystem as a whole.
We arrived at the top 25 by considering the total capital raised, total revenues, capital to revenue ratio, jobs created, time-to-market of candidates (less than 5 years of operation, i.e. 2012-17).
This report takes a data driven approach. These include funding and revenue structure, economic impact and Scaleups business models, among several others. They are representative of the "successful venture persona" within the Portuguese E&I ecosystem.
The report starts with an overview of our methodology and then proceeds to list the 25 Portuguese scaleups according to the set criteria. These Scaleups cut across 4 major application verticals, namely:

- Information and Communication Technology (ICT)
- CleanTech & Industry 4.0
- Consumer & Web
- Medical Devices & Health IT

Worthy of notice in this new edition of the report we also highlight companies greater than 5 years with significant impact on the Portuguese E&I ecosystem. The report is broken down into 3 major themes - each theme presenting a set of insights regarding the ecosystem:

- Funding
- Revenues
- Employment and Job creation.

This thematic structure was designed to provide a deeper analysis of these 25 Scaleups and the verticals in which they are in, with the intent of illuminating a pattern that others may choose to follow and providing useful feedback to relevant stakeholders.
The report ends with a final note based on the analysis therein. We conclude that the Portuguese E&I Ecosystem is vibrant, and expanding quickly, even though there are evident setbacks. We were able to identify specific gaps in the Ecosystem, which can be addressed using clear and pragmatic solutions. In this edition, report findings were left open ended for readers to generate personal conclusions, and open channels for dialogue or debate about the Portuguese E&I community. Below are some of the main highlights of the report.

- Portuguese Scaleups often move their HQ's abroad for a variety of reasons including Legal and regulation within Portugal.
- Over 70% of funds raised by the top 25 Scaleups was from Non-Portuguese sources, with the ICT vertical receiving the largest share of funding.
- Given the funding profile of Non-Portuguese investors, they are assumed to take greater risks than Portuguese Investors.
- The city of Porto receives the greatest share of funding among Portuguese cities, even though Lisbon is the primary investment destination for foreign investors.
- ICT contributes the most to revenue generation and Job creation among the 4 verticals, but consumer & web has the largest share of female representation.
- The USA is the largest contributor of investments (47.90%) in the Portuguese E&I Community.

[1] Please see annex for definition
[2] We consider the Top 25 Scaleups as a micro sample obtained via our set criteria in order to explain the behaviour of a larger set of data. The Ecosystem report can be seen at www.scaleupportugal.tech

WHY THIS REPORT?

- To be a reference point for a variety of stakeholders at every level across the ecosystem.
- To reach out to a wider E&I community in the EU and beyond, with a purpose of encouraging collaboration and partnerships.
- To investors and business leaders who continuously scout for the best opportunities in their respective areas of activity.
- To showcase and celebrate advancements and achievements within the Portuguese E&I ecosystem.
- Act as a guide for future entrepreneurs and other players interested in becoming actors in the E&I ecosystem, which will in turn help them run their activities more efficiently.

WHERE DOES THE DATA COME FROM?

The report relies on both primary and secondary data sources via structured interviews and sort after online databases respectively. With respect to secondary data sources: Data on Revenues, Exports, Employment, Production, Capital, Costs, profitability and other company activities were primarily provided by Informa D&B. These data points were supplemented by Racius.com. Data on venture capital investments, investors, funding rounds, investment types and other investment related data were primarily provided by Dealroom.co. Funding data points were supplemented by Dealmatrix. In regard to primary data sources BGI surveyed and interviewed scaleups founders, relevant stakeholders and startups' experts within and outside Portugal.
This report is dynamic and continuous update is subject to availability of data. Because of the dynamic nature of the report, we rely on the E&I community, which includes but is not limited to: startups, investors, research institutes and experts, to help verify the data and provide relevant contributions & updates.

WHAT IS OUR METHODOLOGY?

This report makes use of descriptive analyses to evaluate and illustrates trends, gaps and opportunities. Our population size consists of 410 active Portuguese technology companies founded between 2012 and 2017. Likewise, the period of data analysis is 5 years. Our sample was evaluated against the following criteria/ variables:

1. An emerging venture: Any company founded in Portugal between the 1st of January 2012 and 31st of December 2017. I.e. any company that has been operating for less than or equal to 5 years.
2. Application Verticals: The study relied on 4 major verticals. The companies must fall into one of the following verticals: (i) Information and Communication Technology (ICT), (ii) CleanTech & Industry 4.0, (iii) Consumer & Web and (iv) Medical Devices & Health IT.
    a. *It is important to note that the categorisation of our focus startups is flexible, and therefore open to various interpretations as many of the startups have characteristics that cut across these verticals. However, for simplification, we relied on the most prominent features of each foci for categorisation purposes. These application verticals were chosen because they appear to have the most traction with investors and are representative of the critical mass in Portugal.*
3. BGI Ranking Methodology , which takes into account technology intensity (deep tech), time to market and revenues.

[3] See report partners
[4] See annex for definitions
[5] For more details on the BGI ranking methodology, please see annex

PORTUGUESE SCALEUPS

TABLE 1: TOP 25 PORTUGUESE SCALEUPS (2012-2017)

RANK	COMPANY NAME	FOUNDED	COMPANY ORIGIN	APPLICATION VERTICALS	WEBSITE
1	UNBABEL	2013	LISBON	ICT	www.unbabel.com
2	VENIAM	2012	PORTO	ICT	www.veniam.com
3	360IMPRIMIR	2013	TORRES VEDRAS	CONSUMER & WEB	www.360imprimir.pt
4	CODACY	2013	LISBON	ICT	www.codacy.com
5	DASHDASH	2016	PORTO	ICT	www.dashdash.com
6	ENEIDA	2012	COIMBRA	CLEANTECH & INDUSTRY	www.eneida.io
7	VIRTUAL POWER SOLUTIONS	2014	COIMBRA	CLEANTECH & INDUSTRY	www.vps.energy
8	XHOCKWARE	2014	PORTO	ICT	www.xhockware.com
9	HUUB	2015	PORTO	ICT	www.thehuub.co
10	COIMBRA GENOMICS (ELSIE)	2013	COIMBRA	MEDICAL DEVICES & HEALTH IT	www.elsie.pt
11	SWORD HEALTH	2013	PORTO	MEDICAL DEVICES & HEALTH IT	www.swordhealth.com
12	HEART GENETICS	2013	PORTO	MEDICAL DEVICES & HEALTH IT	www.heartgenetics.com
13	PICADVANCED	2014	AVEIRO	ICT	www.picadvanced.com
14	LANDING JOBS	2013	LISBON	CONSUMER & WEB	www.landing.jobs
15	SMARKIO	2015	PORTO	ICT	www.smark.io
16	WETEK	2016	PORTO	ICT	www.business.wetek.com
17	ZAASK	2012	LISBON	CONSUMER & WEB	www.zaask.pt
18	BEON ENERGY	2015	PORTALEGRE	CLEANTECH & INDUSTRY	www.beonenergy.com
19	PETSYS ELECTRONICS	2013	LISBON	MEDICAL DEVICES & HEALTH IT	www.petsyselectronics.com
20	PERCEIVE3D	2013	COIMBRA	MEDICAL DEVICES & HEALTH IT	www.perceive3d.com
21	CODE FOR ALL	2015	ILHA TERCEIRA	ICT	www.codeforall.io
22	FOLLOW INSPIRATION	2012	CASTELO BRANCO	ICT	www.followinspiration.pt
23	LAPA STUDIO	2013	PORTO	CONSUMER & WEB	www.findlapa.com
24	FASTINOV	2013	PORTO	MEDICAL DEVICES & HEALTH IT	www.fastinov.com
25	INFRASPEAK	2015	PORTO	ICT	www.home.infraspeak.com

Data Source Informa D&B, Dealroom & Racius

Table 1 is an ordered list of the top 25 Portuguese (TOP25) emerging Scaleups across our focus verticals for the year 2018. Fifteen new scaleups were added to the list since the previous edition. Some scaleups from the previous edition have also improved on their rank standings; Examples include Unbabel, Veniam, 360Imprimir and Codacy, to name a few. We also rank the Top25 by their respective verticals .

TABLE 2: TOP25'S HQ & SUBSIDIARY OFFICE DISTRIBUTION

HEADQUARTERS	SHARE OF SCALEUPS	MONEY RAISED	SUBSIDIARY IN PORTUGAL	SUBSIDIARY OUTSIDE PORTUGAL
PORTUGAL	80%	€78,009,188.62	–	28%
OUTSIDE PORTUGAL	20%	€38,567,499.38	100%	–

Data Source Dealroom

[6] Scaleups were ranked using BGI's Methodology (See Intro)
[7] See methodology for focus verticals
[8] To see our top 25 companies by vertical please go to www.scaleupportugal.tech

HONOURABLEMENTIONS

TABLE 3: TOP 25 PORTUGUESE TECH COMPANIES OLDER THAN 5 YEARS AND YOUNGER THAN 10 (I.E. 2007-12).

	ORGANIZATION NAME	COMPANY HQ	VALUATION	TOTAL FUNDING	FOUNDED	STATUS	WEBSITE
1	FARFETCH	UNITED KINGDOM	€5,104,000,000	€617,320,000	2008	IPO	www.farfetch.com
2	OUTSYSTEMS	UNITED STATES	€880,000,000	€371,431,987	2001	OPERATING	www.outsystems.com
3	TALK DESK	UNITED STATES	€880,000,000	€124,500,000	2011	OPERATING	www.talkdesk.com
4	FEEDZAI	PORTUGAL	€506,000,000	€66,985,778	2011	OPERATING	www.feedzai.com
5	UNIPLACES	UNITED KINGDOM	€100,320,000	€25,518,398	2011	OPERATING	www.uniplaces.com
6	APTOIDE	PORTUGAL	–	€19,105,336	2011	OPERATING	en.aptoide.com
7	MOVVO	PORTUGAL	€19,360,000	€7,696,227	2009	ACQUIRED	www.movvo.com
8	MUZZLEY	PORTUGAL	–	€4,900,000	2012	ACQUIRED	www.muzzley.com
9	OMNIFLOW	PORTUGAL	€7,040,000	€3,662,628	2012	OPERATING	www.omniflow.pt
10	RVE.SOL	PORTUGAL	–	€3,495,609	2010	OPERATING	www.rvesol.com
11	NMUSIC	PORTUGAL	€2,904,000	€3,212,446	2010	OPERATING	www.nmusic.pt
12	GUESTU	PORTUGAL	–	€2,700,000	2014	ACQUIRED	www.guestu.com
13	STEMMATTERS	PORTUGAL	€8,800,000	€1,940,748	2007	OPERATING	www.stemmatters.com
14	AR DIAGNOSTIC	PORTUGAL	–	€1,900,708	2006	OPERATING	www.ardiagnostic.pt
15	BIOMODE	PORTUGAL	€1,760,000	€1,848,002	2010	OPERATING	www.biomode-sa.com
16	STREAMBOLICO	PORTUGAL	€1,760,000	€1,407,595	2012	OPERATING	www.streambolico.com
17	ADVANCED CYCLONE SYSTEMS	PORTUGAL	€7,920,000	€1,320,000	2008	OPERATING	www.acsystems.pt
18	NONIUS HOSPITALITY TECH.	PORTUGAL	–	€1,203,214	2005	OPERATING	www.noniussoftware.com
19	PROCESSWARE	PORTUGAL	–	€1,184,718	2009	OPERATING	www.processware.com.pt
20	SHIFTFORWARD	PORTUGAL	–	€1,000,000	2011	ACQUIRED	www.shiftforward.eu
21	GLEAM	PORTUGAL	–	€904,305	2013	OPERATING	www.gleamworld.com
22	BSIM THERAPEUTICS	PORTUGAL	–	€892,826	2011	OPERATING	www.bsimsquare.com
23	TREAT U	PORTUGAL	–	€885,774	2010	OPERATING	www.treatu.pt
24	RAIZE	PORTUGAL	€10,000,000	–	2013	IPO	www.raize.pt
25	IMOBILEMAGIC	PORTUGAL	€2,000,000	–	2010	ACQUIRED	www.imobilemagic.com

Data Source Dealroom

Table 3 lists our Top Portuguese Tech Companies older than 5 Years and younger than 10 years. These companies have collectively raised over a billion Euros and also have a collective valuation exceeding 7 billion Euros. Consistent with the Top25 list and ecosystem

[8]Please see Ecosystem Report at www.scaleupportugal.tech

SUMMARY & CONLUSION

- 20% of Scaleups within the TOP25 are headquartered abroad with subsidiaries in Portugal for a variety of reasons. Similarly, 16% of our honourable mentions are also headquartered outside Portugal, indicating a trend in company emigration.
- 100% of the TOP25 headquartered abroad kept their Research and Development teams in Portugal. While 28% of TOP25 headquartered in Portugal have subsidiaries outside Portugal (typically sales & marketing teams).
- TOP25 with subsidiaries abroad are represented in the following countries; United States (25%), United Kingdom (8%), Spain (4%), Germany (4%), Asia (8%) and Brazil (8%).
- The united states and United Kingdom (16%) are the choice headquarters locations when Considering both the TOP25 & 25 Honourable mentions with headquarters abroad.
- The Honourable mentions (i.e. Companies greater than 5 years) have a collective valuation exceeding 7 billion Euros .
- Portuguese scaleups have started exiting via acquisitions (24%) and IPO's (8%).

Below are 5 reasons why scaleups move abroad based on interviews with the founders;

1. Unclear and Rigid laws and regulations within Portugal – Several legal and regulatory aspects related to financing. Many new entrepreneurs are perplexed regarding the intricacies of the business laws and may resort to hiring professionals which could be costly.
2. Instability of legal and regulatory system – governments change too frequently laws and regulations, especially tax laws that have significant implications on companies' operations. Founders have to forecast regulation changes frequently which have significant financial and opportunity costs.
3. High level of Bureaucracy especially in regard to resolving issues – Although there are several access points to government services, resolving issues especially legal issues often take too long compared to other ecosystems. What usually takes days to resolve in some countries can take months to resolve in Portugal.
4. Close proximity to primary market – Portugal has a relatively small market size for many of the Scaleups and they often move to locations where their primary customers reside. This is also the case for many of the scaleups setting up subsidiaries in other countries.
5. Funding requirements by foreign investors – Significant investments by foreign investors often require investees to operate in ecosystem their founders understand especially in regard to the laws and regulations.

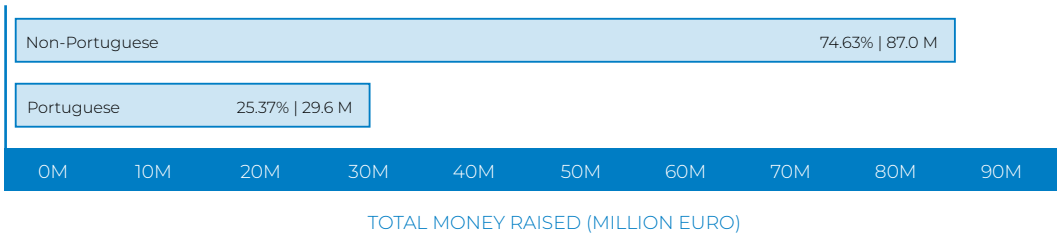
Portugal has a significant pool of skilled engineers, at a relatively affordable rate, hence the option of leaving the R&D teams in Portugal by Scaleups when moving. Despite the variety of reasons for Portuguese Scaleups to move HQ, reasons related to funding appear to be very crucial. We examine the funding profile of the Top25 in the following subsection

INCORPORATION & LEGAL FRAMEWORK INSIGHTS

Paulo Bandeira (Partner) and Giorgio Gali (Of Counsel) – SRS ADVOGADOS: "Despite being a Latin country, Portugal has been registering a bureaucracy reduction that brings benefit to the foreign investors. Services such as "Company in a hour" (Empresa na hora) and "Entrepreneur Desk" (Balcão do Empreendedor) make a considerable range of legal operations quite straightforward. One need only think of Italian scenario, where the set-up of a Company requires up to 30-40 days. Portuguese lawyers have notary powers which allows cost reductions and time savings."
Read More here [https://www.scaleupportugal.tech/paulo-bandeira-and-giorgio-gali]

FUNDING PROFILE OF THE TOP 25 PORTUGUESE SCALEUPS:

FIGURE 1: Source of Investment within the T25



Total money raised collectively by the TOP25, founded between 2012 and 2017 is over **116.5 Million Euros** (Figure 1). Several of the ventures are less than 4 years and have received on average one funding round. The trend of raising significant portions of capital from non-Portuguese sources is consistent with our TOP25 from the previous year , however with a **0.37%** decrease from the previous year. This observation is also consistent with the Total money raised within the Portuguese start-up ecosystem as a whole.

FIGURE 2: Source of Investment in T25 by Country (% of Gross)

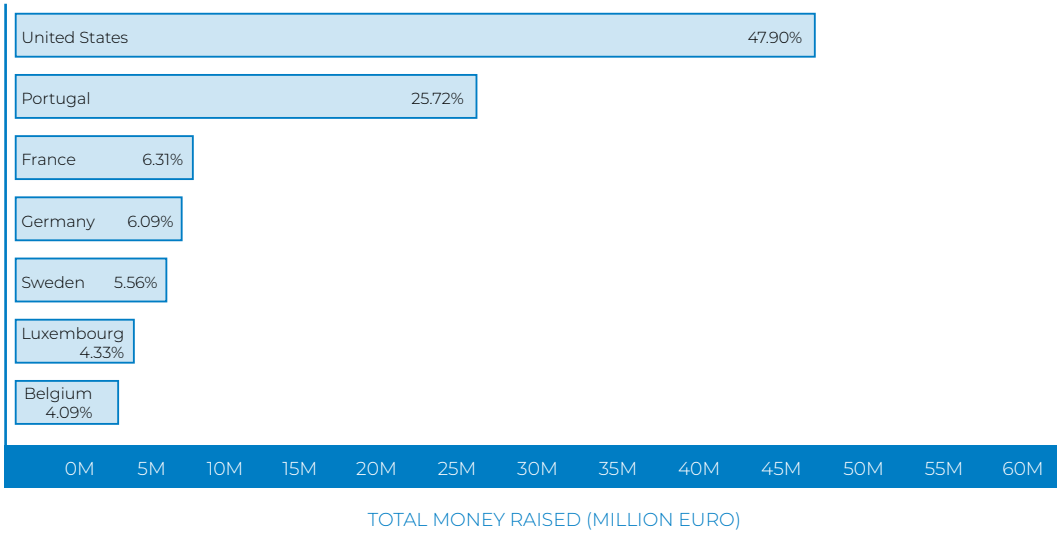
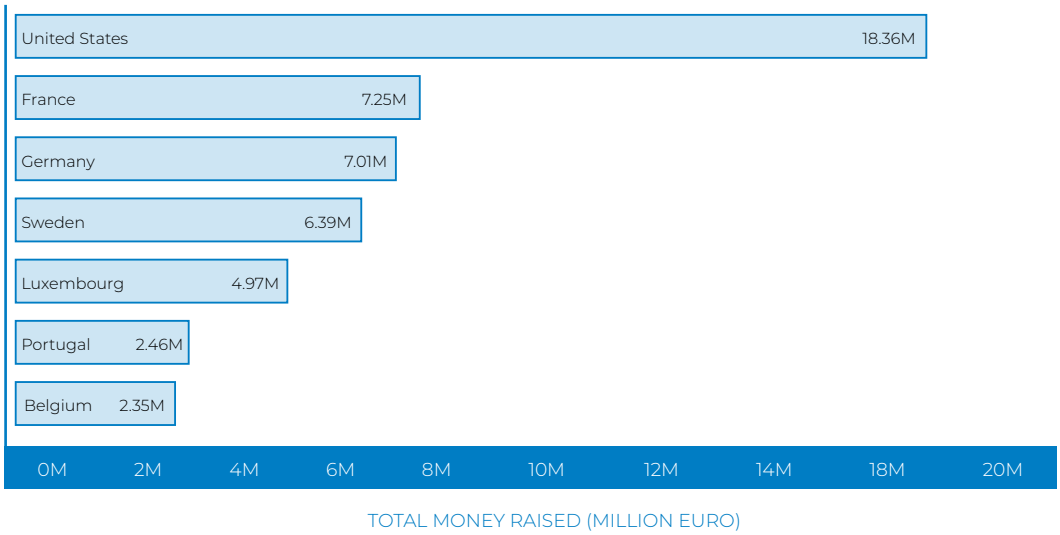


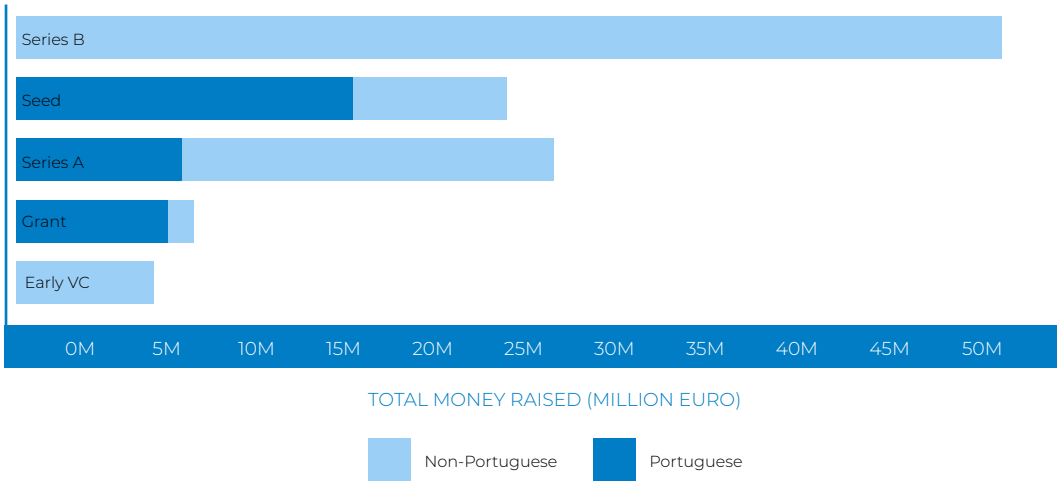
FIGURE 3: Source of Investment in T25 by Country (Average of Gross)



[9] TOP25 from the 2017 edition raised 144 Million Euros of which 75% was obtained from Non-Portuguese source
[10] Please see the Ecosystem Report at www.scaleupportugal.tech

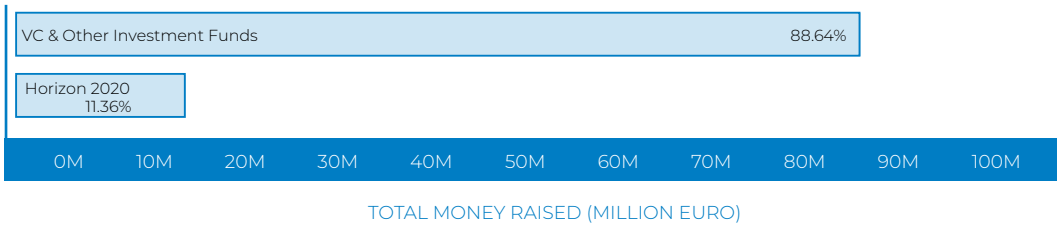
Figure 2 shows that the Unites States followed by Portugal are investment leaders in total amount invested (i.e. in gross values). On the other hand, when average financing size is taken into consideration (Figure 3), we observe that the USA remains an investment leader, while Portugal drops to 2nd last. **A possible explanation for these observations is that Non-Portuguese investors have a greater risk appetite than Portuguese investors, and therefore invest higher values in each investment made.**

FIGURE 4: Investment by Round Type within T25



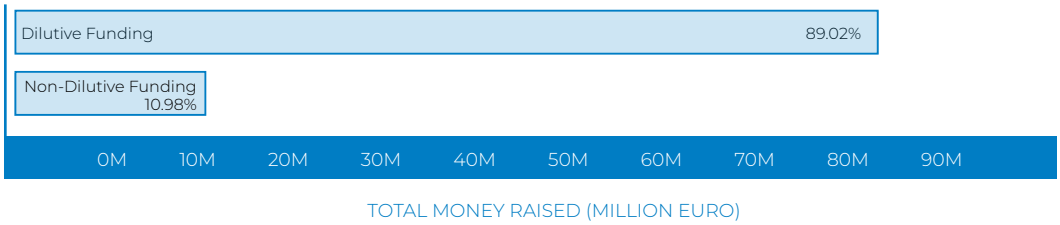
An alternative explanation for the differences in investment patterns observed (Figure 1 to 3) is **the investment focus of Portuguese investors, which is primarily on seed round.** We observe from figure 4 that 63% and 85% of seed and grant funding respectively is provided by Portuguese Investors. This observation is consistent with the entire ecosystem and we conclude that Portuguese investors, beyond their risk appetite are concerned fundamentally on creating a launch pad for startups. This isn't necessarily a bad thing, however there is a need to transcend beyond the seed round for Ecosystem development. Factors such as the maturity of the startups is partly responsible for this investment behaviour, as Portuguese investors are geographically the first point of contact for investment sourcing by new Portuguese ventures. **As Portuguese startups start to scale to foreign markets, it is often advantageous to seek financing from Investors within the new market, leveraging additionally on the network and knowledge of the foreign Investor.** Among the TOP25, leaders in Series B financing from foreign sources are Unbabel and Veniam, who have significant presence in non-Portuguese markets.

FIGURE 5: Investments within T25 by Investor Type



Belgium's significant representation in Figure 2 is primarily due to the presence of the European Commission's (EU) headquarters, for which several Portuguese scaleups have benefited from EU funds such as Horizon 2020. It contributes to 11.36% of total money raised within the TOP25 (Figure 5). This kind of funds are essential for early stage startups especially, Medical devices and Health IT startups which require large capex and have longer time to enter market. **50% of the Medical devices and Health IT scaleups represented in the TOP25 were primarily funded by Horizon 2020 funds.**

FIGURE 6: Investment by Funding Type within T25



Dilutive funding is the predominant funding type (Figure 6), with Series B being the most significant round type in term of gross values (Figure 4). Even though there is the threat of job or profit loss due to large dilutive funding from external sources , this can be counteracted by macroeconomic policies that improve infrastructure, labour inclusion and general well-being.

TABLE 4: MOST ACTIVE INVESTORS & INVESTMENT FUNDS WITHIN THE TOP25

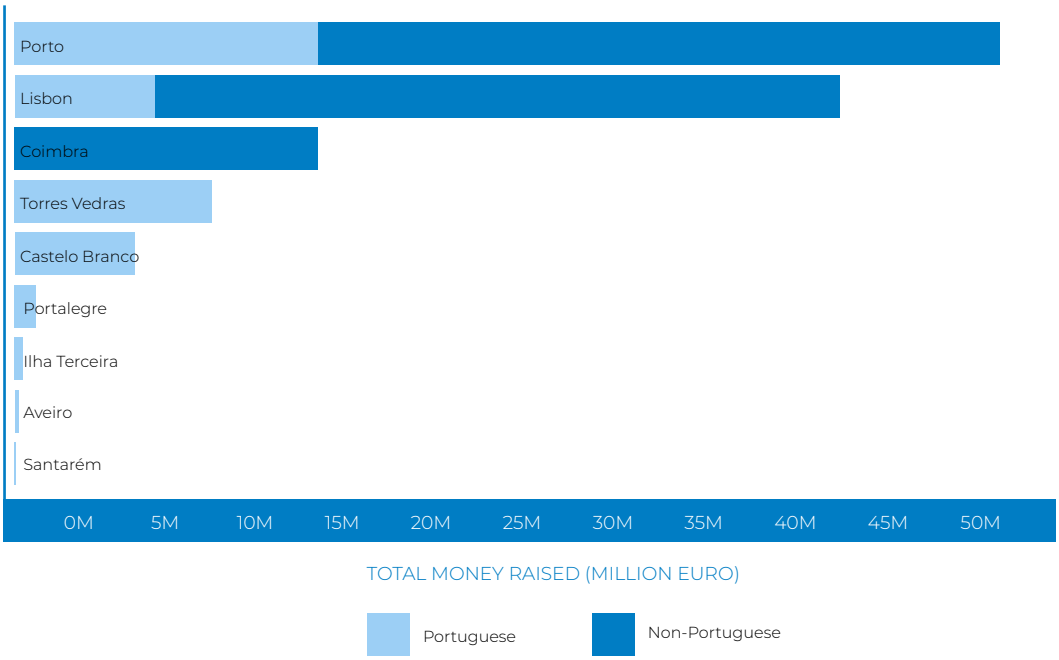
INVESTOR	LOCATION	INVESTORTYPE	INVESTMENTFREQUENCY
PORTUGAL VENTURES	PORTO, LISBOA, PORTUGAL	VENTURE CAPITAL	8
HORIZON 2020	BRUSSELS, BELGIUM	GOVERNMENT OFFICE	7
CAIXA CAPITAL	LISBON, PORTUGAL	VENTURE CAPITAL	4
FABER VENTURES	LISBON, PORTUGAL	VENTURE CAPITAL	4
SHILLING CAPITAL PARTNERS	LISBON, PORTUGAL	VENTURE CAPITAL	3
ARMILAR VENTURE PARTNERS	LISBON, PORTUGAL	VENTURE CAPITAL	2
BUSY ANGELS	LISBON, PORTUGAL	VENTURE CAPITAL	2
PATHENA	PORTO, LISBOA, PORTUGAL	VENTURE CAPITAL	2
SEEDCAMP	LONDON, UNITED KINGDOM	VENTURE CAPITAL	2

INVESTORS & INVESTMENT FUNDS WHERE ORDERED BASED ON NUMBER OF INVESTMENTS WITHIN THE TOP25: DATA SOURCE DEALROOM

Emphasizing on the frequency of investments by Portuguese investors (Figure 2 & 3), table 4 lists the most active investors and investment funds. **Portugal Ventures, Caixa Capital and Horizon2020 which are government backed VC and Investment funds respectively, lead the pack significantly.** This is no coincidence given the government's position on job creation by establishing a launching pad for new ventures. However, being that government entities are primarily not profit driven, there are risks of significant policy changes due to change of leadership and dense bureaucracy just to mention a few. There is therefore a gap for private VC's to fill, especially in regard to post-Seed funding rounds.

[11]Financing from external sources leaves the domestic market vulnerable (depending on the investment agreement) to external shocks. An example of this threat is the 2007 financial crisis, which also led to the sovereign debt crisis due to the heavy reliance of EU countries on external financing. A crunch in financing contributed to slow growth performance of several companies with negative consequences on job creation. Furthermore, some foreign VC's require invested companies to change locations where they can be easily monitored, which imply jobs leaving domestic shores. Moreover, profits will have to return to the investors, wherever they might be depending on the equity share. This is financial resources that could have stayed domestically for economic development.

FIGURE 7: Investment within T25 by City



The city of Porto followed by Lisbon, appear to be leaders in regard to Entrepreneurial & Innovation (E&I) activity. This is corroborated by the investment received by ventures located in these cities across the TOP25 (Figure 7). We further observe from figure 7 that foreign investors invest in Porto as much as they invest in Lisbon. However, because Porto has higher domestic the percentage of non-Portuguese investors is higher in Lisbon – 92.4% vs Porto 74%. This is due to the presence of large and credible research institutes in combination with accessible infrastructures and the presence of national government agencies.

SUMMARY & CONLUSION

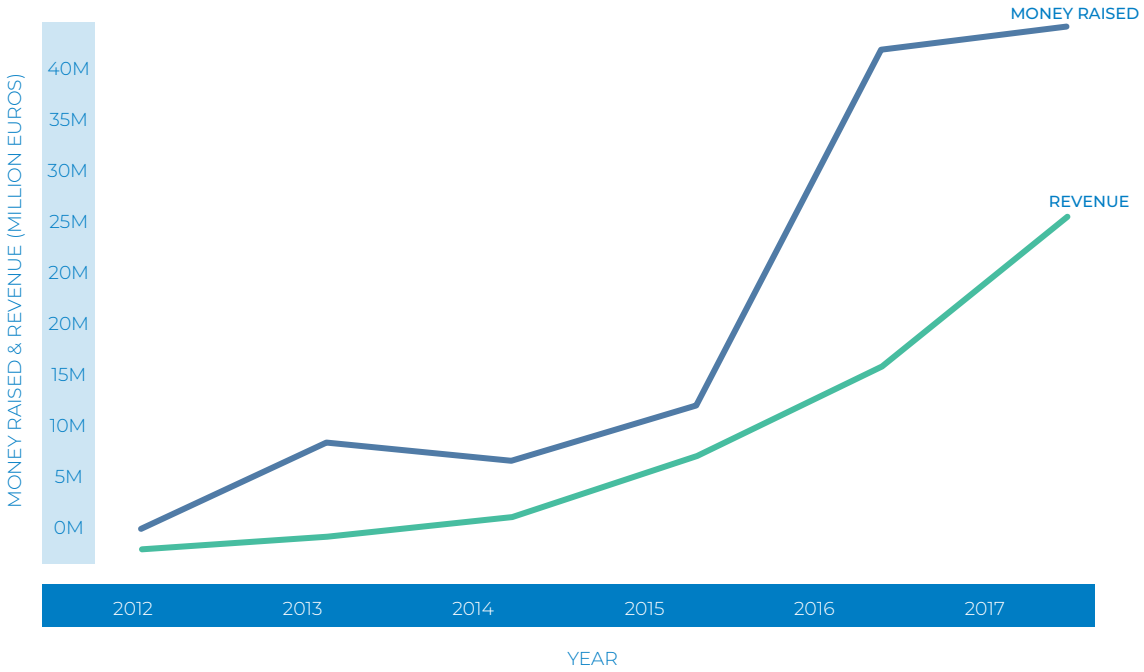
- Total money raised collectively by the TOP25 founded between 2012 and 2017 is over 116.5 Million Euros
- 74.63% of total funding came from non-Portuguese sources. In gross values the USA and Portugal are investment leaders. In average values per investment, Portugal drops significantly, while the USA remains an investment leader.
- About 50% of total money raised by the TOP25 was driven by series B funding generated from Non-Portuguese sources. 63% of Seed and 85% Grant funding is however driven by Portuguese sources.
- The European Union contributes to over 11% of the funding generated.
- 89.02% of funding is characterised as dilutive funding which raises economic risks such as profit loss.
  Portuguese investors invest in relatively smaller amounts, however with greater frequency in comparison to Non-Portuguese investors.
- The city of Porto raised the most amount of money (50.3 Million Euros), followed by Lisbon (41.6 Million Euros). Lisbon attracts significantly more investment from non-Portuguese sources (92.4%) than from Portuguese (7.6%).
- Porto, Lisbon and Coimbra are respectively the leaders in investments received and revenues generated across Portuguese cites.

FUNDING INSIGHTS

Rita Baptista Marques – CEO, PORTUGAL VENTURES: "Portuguese pre-seed or bootstrapped startups are now relying on their local ecosystem, confirming that investing time and efforts in developing their network and nurturing relationships in Portugal may be a good idea".
Read More here [https://www.scaleupportugal.tech/rita-baptista-marques]

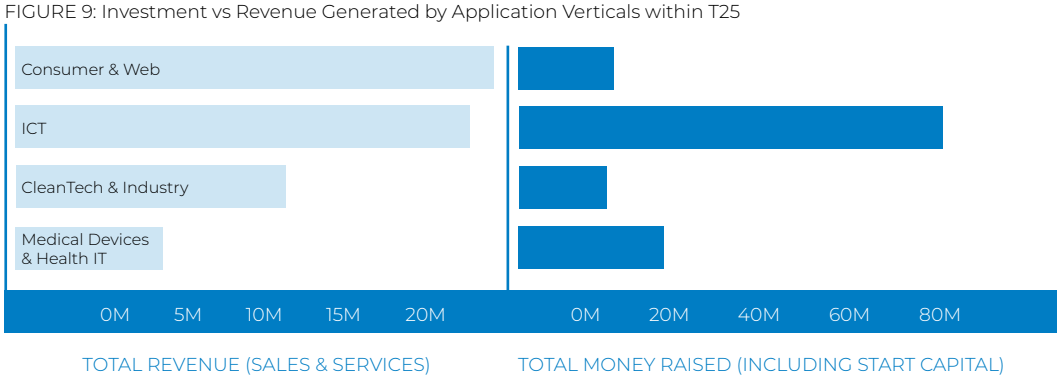
TOP 25 REVENUES

FIGURE 8: Investment vs Revenue Generated Annually within T25



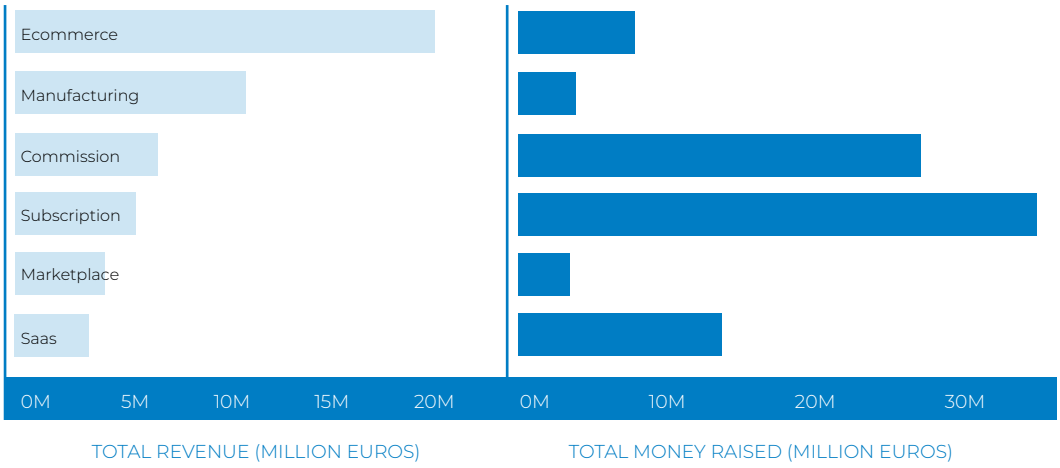
Total revenue generated increased steadily over the years and is forecasted to increase significantly, achieving approximately 30 to 35 Million Euros in 2018 (Figure 8). Despite the positive growth forecast for money raised, there appeared to be unsteady growth over time (Figure 8). **Limited funding rounds (average of 1 funding round) is responsible for the unsteady growth of money raised, with some years only accounting majorly for grant funding.** The significant jump in money raised between 2015 and 2017 (figure 8) is explained by the significant Series B funding received within this period.

FIGURE 9: Investment vs Revenue Generated by Application Verticals within T25



As expected, ICT and Consumer & Web verticals were significant contributors to positive revenue growth, with the Medical devices and Health IT vertical generating the least amount of revenue (Figure 9). This is because the time to market for Medical Devices and Health IT is much longer due to significant capex and regulatory requirements. On the other hand, startups within the ICT and Consumer & Web verticals typically require lower capex and thus can scale faster.

FIGURE 10: Investment vs Total Revenue Generated by Business Models within T25



Acrossverticals,e-commercebusinessmodelisthelargestrevenuegeneratorfollowed by manufacturing within the TOP25, even though subscription and commission-based models received the largest funding (Figure 10). With the aid of social media and other digital marketing tools it has become easier and cheaper for e-commerce platforms to acquire customers. Furthermore, it is relatively quicker to generate larger revenues with a B2B client focus (Figure 13), and scaleups incorporating manufacturing business models are often tangential to having a B2B client focus.

FIGURE 11: Total Revenues Generated by Application Verticals & Business Models within T25

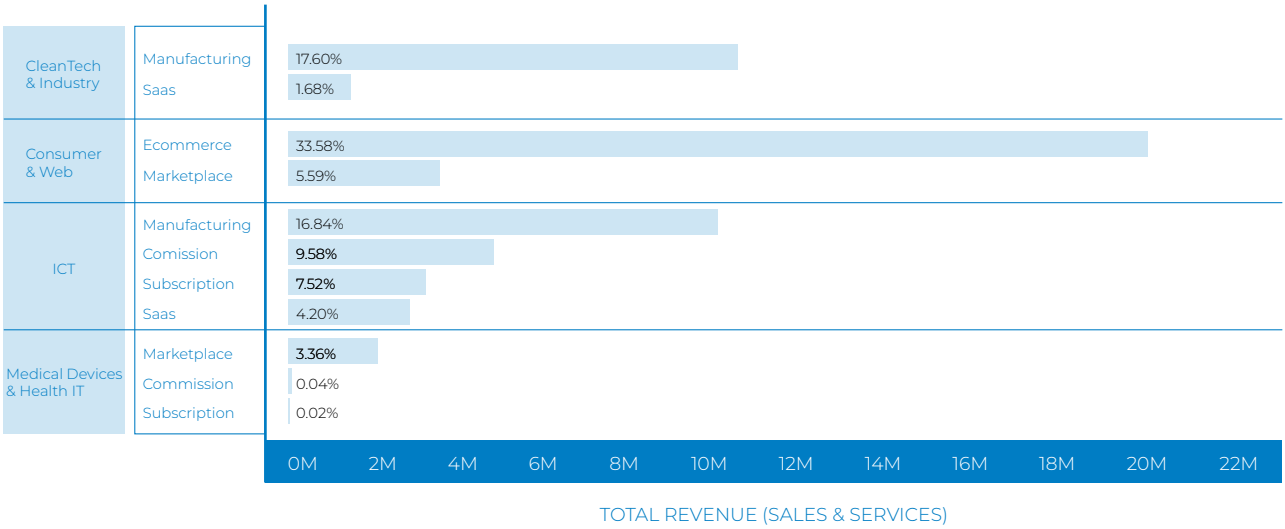
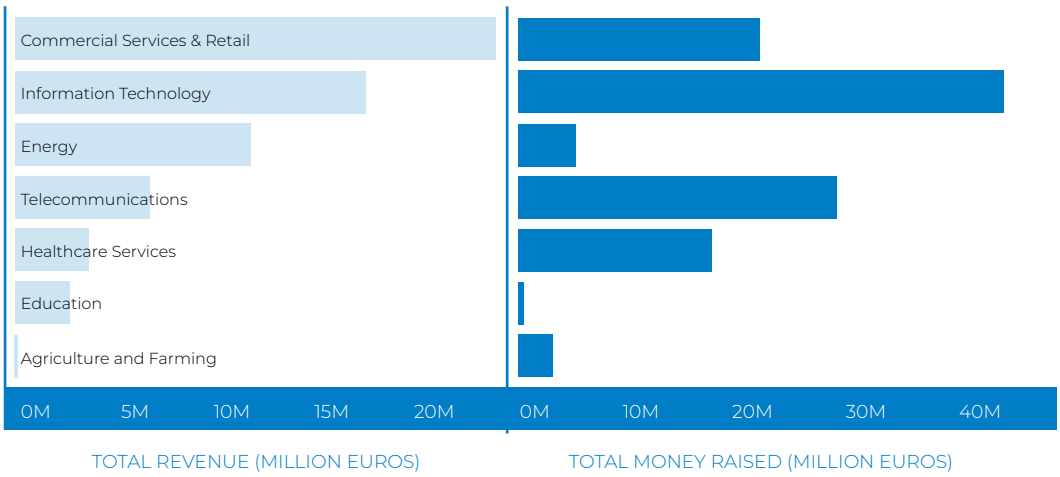
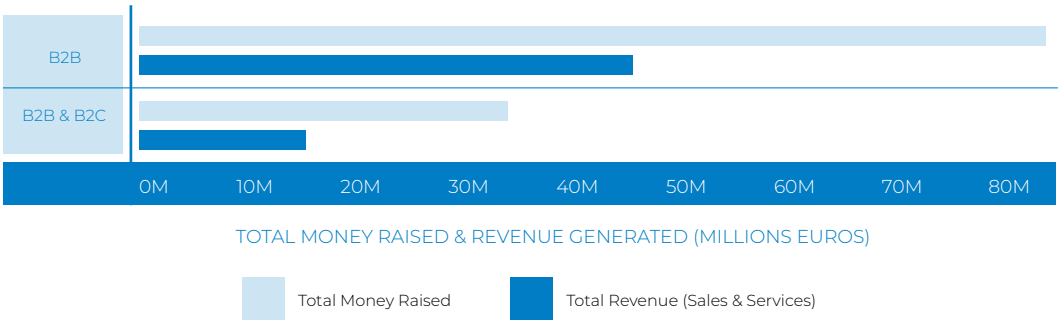


FIGURE 12: Investment vs Total Revenue Generated by Business Models within T25



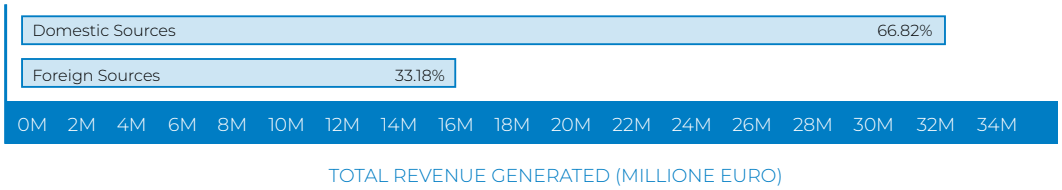
At the industry level, Commercial services & retail and Information Technology industries are the leading revenue generators. Figure 12 validates our observation about the ease and cost of setting up e-commerce ventures which are prevalent in the Commercial services and retail industry.

FIGURE 13: Investment vs Total Revenue Generated by Client Focus within T25



B2B Scaleups dominate the TOP25 followed by B2B & B2C scaleups (Figure 13), primarily because it is often advantageous to provide goods and services to other businesses, because of Portugal's relatively small market size. Affordable labour costs among other factors also encourage the thriving of B2B ventures.

FIGURE 14: Source of Revenues within the T25



To reduce the challenges of a relatively small market size, Scaleups often set their focus on foreign markets. We observe from Figure 14, the significant contribution (33 %) of foreign markets to the TOP25. However, **in contrast to money raised (figure 1), revenue generation from domestic sources is larger, suggesting a positive outlook for the domestic market.**

FIGURE 15: Export vs Imports within the T25

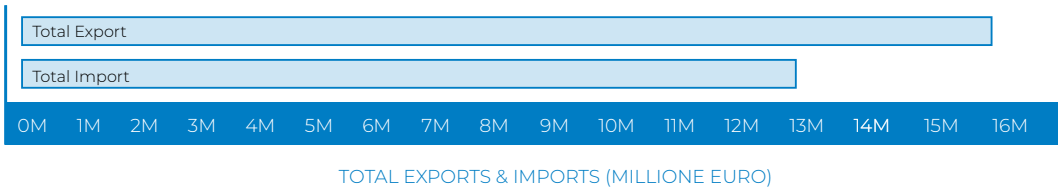
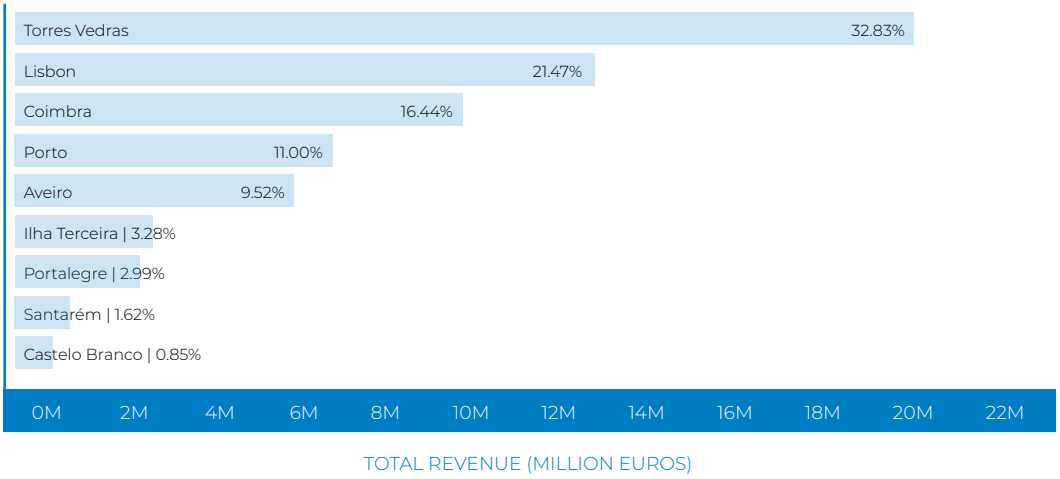


FIGURE 16: Total Exports by Application Vertical within the T25

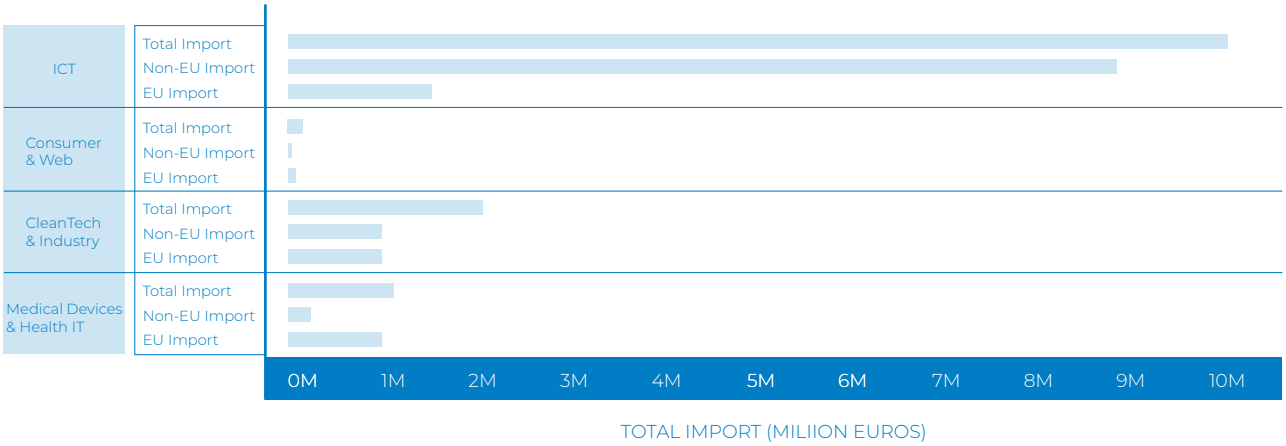
Further evidence on the contribution of international markets to the Portuguese scaleup ecosystem can be observed in figure 15 & 16. We also observe a balance of payment (BoP) surplus (€3.36 Million) among the TOP25 (figure 15), which is a positive indication of the vibrancy of the domestic market (Figure 14). Though there is a BoP surplus, it is important to note that the scaleups rely significantly on importation of materials and equipment's mostly from non-EU sources such as Asia in particular . ICT contributes significantly (over 50%) to the Total Exports within the TOP25.

FIGURE 17: Revenue Generated within T25 by City



In regard to revenue generation across the TOP25, Torres Vedas appears to lead the pack followed by Lisbon (Figure 17). Being the capital and its current transport infrastructure, Lisbon often attracts a significant amount of tourist and consumers that contribute to revenue generation of new ventures.

FIGURE 18: Total Imports by Application Vertical within the T25



A look into the importation profile of the TOP25 gives some indication on where they utilise their resources. ICT relies significantly on Non-EU Imports than EU Imports (Figure 18), primarily because of the increasing affordability of technology components from Asia, particularly China. On the other hand, Medical Devices & Health IT rely more on EU Imports, primarily because of high regulations that are attached to this vertical (Figure 18).

SUMMARY & CONLUSION

- Total revenue generated with the TOP25 increased positively and forecasted to increase beyond 40 Million Euros in 2019.
- Limited average number of funding rounds per scaleup (Average of 1 funding round) contributed to the unsteady growth part of money raised.
- ICT and Consumer & Web verticals were significant contributors to positive revenue growth, with the Medical devices and Health IT vertical generating the least amount of revenue.
- E-commerce business model is the largest revenue generator and drives revenue generation within the Consumer & Web Vertical.
- At the industry level, Commercial services & retail and Information Technology industries are the leading revenue generators.
- Companies with a B2B Client focus generate more revenues followed by companies with a mix of B2B & B2C
- Most of the revenues received (66%) by the TOP25 were generated domestically.
- There is a balance of payment surplus (€3.36 Million) within the TOP25, with ICT contributing the most (75%) to total exports.
- Torres Vedras, Lisbon and Coimbra are the largest generators of revenue within the TOP25.

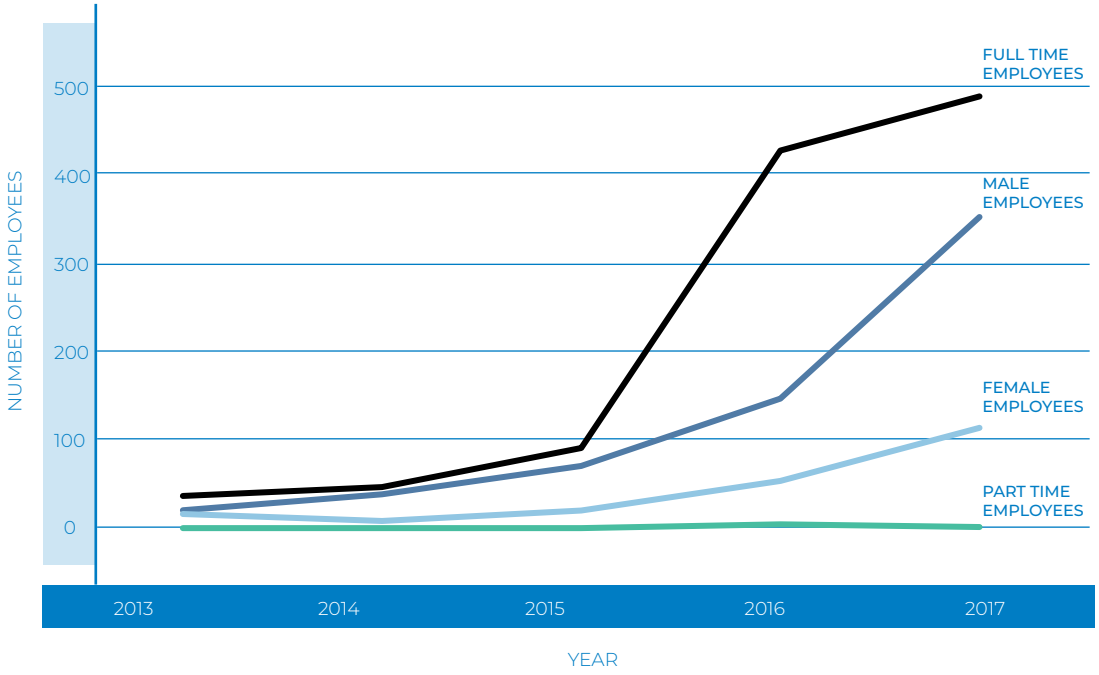
REVENUE INSIGHTS

Tomás Penaguião – Associate, BUSY ANGELS: "We can also notice that there is still some work to be done in order to deliver our startups a better access to national capital or provide them the tools to be able to attract international investors".
Read more here [https://www.scaleupportugal.tech/tomas-penaguiao]

[12] Please see our ecosystem report at www.scaleupportugal.tech
[13] EU imports are imports from any of the 28 European Union states to Portugal, while Non-EU imports are imports from states external to the EU 28.

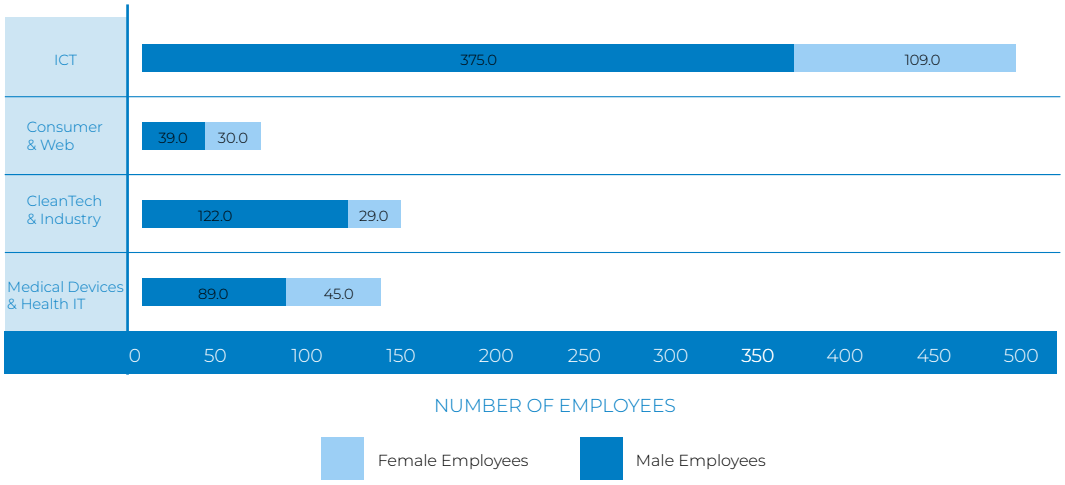
EMPLOYMENT & JOB CREATION

FIGURE 19: TOTAL ANNUAL NUMBER OF EMPLOYEED WITHIN T25



In addition to the purchase of equipment's and raw materials for production, Scaleups also allocate significant resources to human capital. **There is a steady increase in the number of employees within the TOP25 with a cumulative value of 850 Employees** (Figure 19). Even though number of female employees is growing steadily there is a significant gap (30%) between Male and female employees (Figure 19). Partial time employee figures are almost ignorable and significantly low (just over 1%) which pose a threat to knowledge transfer. Knowledge transfer between academia and industry is often key to ecosystem development, hence by minimising the opportunity for students or researchers to gain work experience while embarking on their respective investigations via partial work opportunities will have negative impacts in the long-run.

FIGURE 20: TOTAL NUMBER OF EMPLOYEES BY APPLICATION VERTICAL WITHIN THE T25



From figure 20, **ICT is by far the largest contributor to employment generation, followed by CleanTech & Industry 4.0.** Even though ICT employs the largest number of females overall, **Consumer & Web has the greatest representation of females** accounting for 43% of employees within this vertical (Figure 20), while Medical Devices & Health IT follows. This observation is as a result of the increasing number of women studying science in Portugal. According to OECD data, Portugal has the highest percentage of women studying science, technology and engineering - even greater than Japan.

SUMMARY & CONLUSION

- There is a steady increase in the number of employees with a cumulative value of 850 Employees.
- Even though number of female employees is growing steadily there is a significant gap (30%) between male and female employees.
- There is a significant gap between full time employees and Part time employees and the ecosystem as a whole.
- ICT vertical is the largest contributor to Job creation, followed by CleanTech & Industry 4.0.
- Consumer & Web has the greatest representation of females (43%) followed by Medical Devices & Health IT.

EMPLOYMENT & JOB CREATION INSIGHTS

Ana Coelho - Municipal Board for Economy and Innovation, Lisbon City Council
"Scaleups have made their contribution to job creation, especially since 2015 (850 jobs created from 2012 to 2017). However, the gap between male and female employment remains and the same applies for for full and part-time job, the latter being practically non-existent, reaching no more than 1%. This characteristic may be the source of an eventual weakness of this ecosystem in the long term. It may also be the reason for the lower growth of female versus male labor, since part-time work at certain stages of life would allow the female sector not to be excluded from the labor market"
Read more here [https://www.scaleupportugal.tech/ana-coelho]

FINAL INSGHTS

Ana Margarida Figueiredo – General Director for Economy & Innovation, LISBON CITY COUNCIL; "From Lisbon's City Council point of view, we believe BGI's report represents a big learning opportunity, delivering valuable insights to drive public policies supporting startups becoming scaleups. Although this is a critical subject, as it helps understanding the context in which Startups are provided the right conditions to thrive, there's very little work about it developed in our country (most existing works are focused on startups)".
Read more here [https://www.scaleupportugal.tech/margarida-figueiredo]

Joao Mendes Borga – Director, STARTUP PORTUGAL; "Portugal's startup and scaleup community is experiencing a unique moment. On one hand, there's for the first time a true and integrated policy for entrepreneurship focused on developing the ecosystem, in financing it and internationalizing it. On the other hand, Portugal is host to the Web Summit and Venture Summit, two of the biggest entrepreneurial and venture capital events in the world. Despite the data in this report being a sample, it accomplishes a true representation of what is happening within scaleups nationally".
Read More here [https://www.scaleupportugal.tech/joao-mendes-borga]

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Enablers Read More here [https://www.scaleupportugal.tech/enablers]
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