

LOCAL ECOSYSTEM DIAGNOSIS

MADRID, SPAIN

- I.- SPANISH ENTREPRENEURIAL REPORT 2017-2018**
- II.- LOCAL DIAGNOSIS**
 - 1. Startup Ecosystem**
 - 2. Institutional Support**
 - 3. Enhancing Corporate Innovation**
- III.- THE STARTUP INVESTMENT LANDSCAPE IN SPAIN 2017**
- IV.- SPANISH ENTREPRENEURSHIP KEYNOTES**
- V.- SWOT ANALYSIS**
- VI.- INNOVA FOSTER LOCAL ECOSYSTEM MATRIX**

Annex 1: List of involved stakeholders

Annex 2: Sources

METHODOLOGICAL APPROACH

The aim of this local diagnosis is to identify strengths and weaknesses at Spain national level. This work has been done in cooperation and discussions with the regional stakeholders.

I.- SPANISH ENTREPRENEURIAL REPORT 2017-2018

Entrepreneurial activity recovered in Spain last year with a percentage that, for the first time since 2008, surpassed the figure of 6 early-stage entrepreneurs in every 100 adults.

Entrepreneurial activity

After a slight fall during the prior year, Total Early- Stage Entrepreneurial Activity (TEA) in Spain increased one percentage unit in 2017 and reached **6.2%**. This increase is homogeneously seen both in the nascent entrepreneurs (people involved in starting a business that has not paid salaries for longer than 3 months yet), and new entrepreneurs (people who own and manage a business that has paid salaries between 3 and 42 months). From 2011 to 2016 TEA estimates have fluctuated between 5.2% and 5.8%, but the 6.0% ceiling had not been surpassed since 2008. However, 28.3% of entrepreneurial activity surveyed by the TEA index in 2017 corresponds to people who started a business due to necessity, whilst before 2009 the people who set up an enterprise out of necessity barely reached 15% TEA.

The profile of the early-stage entrepreneurial population in the last year in Spain is similar to the one we have seen during the previous years. Thus, early-stage entrepreneurs in 2017 were in **average 40 years old**, while in age groups, 33.3% of them were between 35 and 44 years old.

Regarding **gender**, early-stage entrepreneurial population in 2017 was dominated again by a slightly higher male participation (55.1% male vs. 44.9% female entrepreneurs). This difference is due to the fact that estimated TEA for the male population (6.8% in 2017) is higher than the one for the female population (also 5.8% in 2017). However, the gender gap when it comes to setting up a business has decreased continuously since 2013.



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On the other hand, 49.8% Spanish TEA in the last year corresponds to entrepreneurs who had some kind of **higher education** or postgraduate studies, whereas 49.2% corresponds to entrepreneurs who had been specifically trained to set up a business at some point in their lives. I

in order to complete the entrepreneurial profile, it is worth noting that people with a **higher income** were the ones who, for another year, reported a higher tendency to set up a nascent or new business in 2017.

Regarding the rest of indicators about the entrepreneurial process, both the percentage of Spanish population identified as potential entrepreneurs (people likely to start a business in the next 3 years), and the percentage of identified consolidated business-owners (people owning and running a business that has paid salaries for more than 42 months), increased in 2017 up to 6.8% and 7.0% respectively. Nonetheless, the business discontinuation rate also raised, even though its 1.9% score shows only a slight increment.

These results about the entrepreneurial process made Spain rank below average in the innovation-driven economies with regards to the percentage of potential entrepreneurs and early-stage entrepreneurship activity levels. However, the Spanish percentage of owner-managers of established businesses surpassed the values obtained by some other countries in the same economic development level and the business discontinuation rate was favorably found to be below them.

Expectations of entrepreneurial activity

Even though TEA rates keep increasing slightly in recent years, the **quality of new enterprises** is an unresolved matter. New businesses keep focused on the services sector (final consumers) and are mostly born as a means of self-employment (6 in 10 entrepreneurs employ nobody else in their companies). However, the few enterprises that hire other people largely do it through an indefinite full-time contract. Innovation and internationalization-oriented new businesses are scarce. The percentage of entrepreneurs who embrace innovation (1 in 10) and selling their products or services beyond borders (2 in 10) is improvable. These figures still are below average in the EU-28 countries. As the number of new Spanish companies increases, it must be emphasized that it is not about quantity, but quality should also improve. This will require **additional efforts from the side of entrepreneurs, by means of specific public**

measures and actions so that we can meet European standards of entrepreneurial quality.

Intrapreneurship activity

1.4% of Spanish population aged 18-64 years surveyed for the 2017 edition stated having participated in/led entrepreneurial activities and ideas at the organizations they have been working for in the last 3 years. This indicator shows a relapse of 1.3 percentage units with regards to the previous edition (2.7%), and matches the increase reported that year. Having into account the last four editions, we can see a cyclic behavior where an increase in this indicator is shown one year but it declines proportionally in the following year. This performance could be closely linked to the quality/expectations of the entrepreneurial activity both in early and established stage due to the highly innovative and technological factor of these kinds of initiatives. Consequently, Spain still keeps a difference of 3.7 percentage units from the average of the innovation-driven economies of EU-28 (5.1%). Within Spain, the Autonomous Communities with a higher percentage of people aged 18-64 years involved in intrapreneurship activities still are: Catalonia (2.2%), Cantabria (2.0%), Madrid (2.0%) and Navarra (1.9%). From this analysis we can see the importance of continuing to foster the entrepreneurial and innovation mindset within organizations and the improvement of the conditions within the Spanish ecosystem in order to co-create innovative actions. Otherwise, Spain may keep having some of the lowest scores for the technology/innovative development indicator and thus, shrink in aspects such as competitiveness, growth and population's quality of life.

Spanish population self-perceptions about entrepreneurship

TEA normally reflects a population's self-perceptions about values and attitudes. This analysis leads to several conclusions:

Firstly, the percentage of people who see good opportunities for starting a business is the highest ever in the analysed timespan (31.9%), which is excellent news, since that perception precedes the intention to create a business. Unfortunately, the indicator is still far from the European average.

Secondly, the percentage of individuals who perceive themselves as having the required skills to start a business stays at around 45%, a figure slightly above our surrounding countries.

Thirdly, the fear of failure rate remains stable for the population as a whole but is undergoing a slight increase for the entrepreneurs group, which reveals they are more aware about the risks of engaging in the entrepreneurial process.

Fourthly, the analysis of the gender perspective shows that women get lower results in perceptions about helping setting up a business (perceived opportunities, perceived capabilities and reference models) and higher results in perceptions about inhibiting the entrepreneurial behavior (fear of failure).

Finally, the indicators that measure perception of the entrepreneurial mindset in Spain remain stable as a whole.

We can highlight that the entrepreneur's social status reflects a slight downward tendency, in spite of the efforts made by government authorities to give visibility to it. On the contrary, that effort can be seen in the more positive image that media offer about entrepreneurs now. In any case, Spain's entrepreneurial mindset is below the European average.

Quality of the entrepreneurship ecosystem

Looking at the state of the Spanish entrepreneurial ecosystem, out of the twelve conditions studied in 2017 only one of them was rated positively by the surveyed experts (the physical infrastructure, with a score of 3.54 out of 5.00); the remaining factors have shown more unfavorable conditions assessment (especially internal market, R+D transfer and commercial infrastructure). When checking with experts from the other EU-28 countries, it is acknowledged that government programmes are improving with respect to the average group (3.0 vs. 2.8), however the gap in other factors keeps increasing. All this could be demonstrating "stagnation" and the need for identifying the right strategies that allow the transition to a mature stage of the Spanish entrepreneurship ecosystem.

Regarding the environment conditions that constrain and favors entrepreneurship, and the suggested advice to strengthen the Spanish entrepreneurship ecosystem, 61.1% of



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the national experts surveyed pointed towards government policy as the main condition constraining entrepreneurial activity, due to high levels of bureaucracy and the excessive taxes/regulations that make setting up a business more and more difficult. Regarding the most favorable conditions, 52.8% of the experts acknowledge the role the job market has, due to the current difficulties to have a stable job and the need for income. Due to all this, the main recommendations this edition's experts have come up with to improve the Spanish entrepreneurship ecosystem are:

- (i) keep on working on designing government policies that foster entrepreneurship by reducing costs, taxes and bureaucracy;
- (ii) keep on supporting funding by motivating the different public/private stakeholders and boosting diversity access to finance and by improving financial instruments pointed to creating new enterprises;
- (iii) strengthen entrepreneurial skills in the syllabus of the different educational levels. Otherwise, these weaknesses will have an impact on Spain's economic, innovative and competitive positioning and will make it more difficult to tackle economic, social, and political challenges that may arise.



II.- LOCAL DIAGNOSIS

1. Spanish Startup Ecosystem:

Spain's startup scene is booming right now with Barcelona and Madrid at the forefront. In 2017, Spain completed total funding of €784 million through 195 rounds of funding and comparison of total funding per year for the past 5 years shows a **steady increasing trend**.

This growth has been fueled mostly by Spanish technology companies such as Letgo (twice), Cabify, ID Finance, Typeform, Logtrust, Fintonic and Glovo.

It can be said that the Spanish Financial Crisis from 2008 has helped spawn a greater number of startups. The crisis has resulted in the rent for working spaces to decrease and the living costs are a fraction of the price of UK or USA. Also, within the capital itself, a fully qualified engineer can be hired at an average salary of €30,000 whereas in London the average salary for a graduate engineer is £64,000. Furthermore, with globally recognized business schools such as IE, IESE and ESADE present there is huge managerial potential. It can be suggested that major companies such as Amazon and Google are recognizing the talent pool and cost efficiency present in Madrid and have therefore set up offices to enable entrepreneurship and increase job opportunities. While this can be seen as the silver lining to one of Spain's most impacting financial crises, the fact still remains that the Spanish government remains conservative as they have kept taxes and bureaucracy for new businesses is too high and doesn't help foster new businesses.

Furthermore, government-enabled funding is lacking. They have, however, taken some steps over ensuring business angels, venture capitalists and equity crowdfunding can be enabled i.e. the Fond-ICO Global – the Spanish Venture Capital Fund.

International and local funding vehicles including traditional venture capital funding has money flowing into Spain. There are two important factors that are increasing the investments in Spain.

- Firstly, there are more startups rising up than previously. This is the result of low wages in Spain. Recent graduates or even experienced professionals are not willing to work for corporate giants for a low wage and would rather create something of their own. This has led to more innovative and interesting startups attracting investment.



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- Secondly, “made in Spain” attitude is really awakening within the entrepreneur community which is leading to major firms such as Telefonica running incubators and encouraging local business to grow. This “go-forth” attitude has led to the young population of Spain to try new apps, support e-commerce and look for alternative ways to live their daily lives.

The encouragement to grow can also be seen in the increased amount of conferences, summits and various other events. Conferences help budding businesses expand their networks, gain valuable advice from a range of panelists and explore the industry. Although these events can be a large commitment there can be a way to filter through and go to the events that are most relevant. focus

2. Institutional Support

Local, highly educated human capital

A high-quality education system is the bedrock for the development of any startup ecosystem — and Spain excels in this regard.

Spain boast a tertiary education rate of 40.1 percent, higher than the average for the European Union, it also is home to a number of impressive educational institutions, with three Spanish universities making the top 10 in Financial Times’ annual European Business School Rankings for 2017. Moreover, Barcelona’s IESE has been ranked the number one executive education program by Financial Times three years running.

In years past the economic crisis drove an enormous brain drain, forcing many Spanish graduates to leave their home country in pursuit of careers abroad. However, as Spain’s economy stabilized, and its startup ecosystem developed, more bright young minds came home to be involved in their local scenes once again. In just a few years, the country’s youth unemployment has fallen from nearly 60 percent to below 40 percent.

And as more and more graduates are deciding to stay home and take advantage of what the vibrant startup community has to offer, Spanish entrepreneurs have the competitive advantage of being able to snap up skilled developers and engineers at a fraction of the Silicon Valley cost.



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What's more, favorable living conditions and an attractive lifestyle continue to draw international entrepreneurs and digital nomads to set up shop in Spain, too. In fact, a number of Spanish cities are featured as some of the most attractive for places for digital nomads, including Barcelona and Valencia, based on cost, internet, fun and safety.

Public and private institutions picking up the slack with funding

The truth is, though, starting a business in Spain isn't easy. In fact, the World Bank ranks Spain 86th of 190 countries in this regard. Yet in step with more and more talent embracing the entrepreneurial mindset, the Spanish government and other private institutions have finally set out in **supporting the startup environment in a major way. With funding.** Historically, finding capital has been Spanish entrepreneurs' — and venture capitalists' — biggest obstacle. In 2013, the Spanish government responded to this challenge by launching FOND-ICO Global, a €1.5 billion fund-of-funds, to support the creation of venture capital funds that would invest in the country's most promising startups. Since then, the country's venture capital scene has exploded; Spanish startups have seen venture capital investments skyrocket from about €150 million in 2013 to almost €800 million in 2017, marking an all time high in amount invested and number of deals. These findings suggest that the seeds of the startup ecosystem are finally being sown. In 2017, the number of pre-seed and seed deals, in particular, grew tremendously, accounting for almost 50 percent of the rounds closed. Accordingly, the country has begun pumping out a number of new startups, as well as institutions to support them.

Science and technology parks that encourage this type of innovation play a very important role in the country's startup ecosystem, which is home to more than 80 technology parks, with about 6,500 operating companies. Entrepreneurs can also rely on the support of a **growing number of incubators and accelerators** designed to bring their ideas to life.

The ecosystem also faces a number of **regulatory hurdles**. A set of new laws introduced in 2013 (the *Ley de Emprendedores*) was aimed at improving the situation for startups but was widely criticized for not going far enough on serious issues like tax relief for seed investors, improved treatment of stock options and relaxing employment law. In some cases, regulations have created even bigger speed bumps, such as the recent removal of tax exemptions for stock options and the introduction of an "exit tax" on unrealized capital gains when entrepreneurs move overseas. And then there's the infamous

Spanish bureaucracy — the World Bank still ranks Spain 82nd out of 189 countries in terms of the ease of starting a business. This puts it below Egypt, Mexico, and Burkina Faso.

Institutional Level

At the institutional level, the number of active early-stage VC funds has more than doubled in the last five years, with funds like Kibo, Seaya, Vitamina K, and FJME joining existing funds like Cabiedes & Partners, Active VP, Nauta, and Bonsai. While much of this money is still focused on seed and early Series A, the number of international VCs stepping in to fund the later stages has also increased, fueling investments in companies like SocialPoint, Privalia, ScytI, and Wallapop.

Despite the noise and the regulatory hurdles, there is a genuine renaissance occurring in the Spanish ecosystem. We're seeing more and more founders choosing to ignore the hurdles and just get out there to build great businesses. It's an exciting time to be a founder in Spain.

The recession that plagued Spain after 2008 seems to have created a **new breed of entrepreneur** — one that isn't phased by a fear of failure or red tape, the two traditional Achilles heels of the Spanish startup ecosystem. And with increasing amounts of local funding available, these founders have been able to create a new generation of world-class companies from Spain.

The ambition level of **Spanish founders** has also grown dramatically. We're now well beyond the copycat models that used to dominate the market, and today more and more Spanish founders are building global companies from day one. It's not just the founders in Spain who are stepping up — **the investors are too**. There's now more angel activity than ever (they're [doing around 26% of all funding rounds](#) — up from 17% last year).

There are numerous **financial** (non-refundable subsidies, soft loans or a combination of both) **and tax incentives** for activities pursued in certain industries deemed to be a priority due to their potential for growth and their impact on the Spanish economy as a whole. The Autonomous Communities grant similar incentives in most of these industries. These incentives include most notably those aimed at **fostering innovation, technological improvement and research and development projects**, which have been



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one of the main priorities of the Spanish authorities in recent years. Please also note the work of the Center for **Industrial Technological Development (Centro para el Desarrollo Tecnológico Industrial or CDTI)** in relation to the promotion of the technological innovation and development of enterprises through the granting of preferred loans in its various financing lines which include most notably the following:

- **Research and development projects**, for the creation and significant improvement of a product or service, including both industrial research activities and experimental development.
- **Direct Innovation Line**, a financing instrument aimed at enterprises which carry out technological innovation projects.
- **Global Innovation Line**, for the financing of projects investing in innovation and the incorporation of innovative technology for the growth and internationalization of companies that pursue their activities in Spain.
- **Technological fund**, a special item under the ERDF funds of the European Union dedicated to the promotion of business R&D and TI in Spain, distributed on a priority basis to enterprises carrying out projects in regions with a lower per capita GNP.
- **INNPRONTA Program**, to finance major integrated industrial research projects with a strategic nature and a large size, which permit the development of new technologies in technological areas of the future.
- **INNODEMANDA Program**, a financing instrument to support the technological offer submitted in innovative public procurement processes.
- **NEOTEC Initiative**, to support the creation and consolidation of new technology-based companies (TBCs) in Spain.
- **INNVIERTE Program**, aimed at business innovation by supporting venture capital investments in technology-based companies.

Lastly, at international level, the CDTI offers support to Spanish enterprises and promotes technological cooperation through various programs aimed at financing projects and initiatives, such as the INNINTERNACIONALIZA Initiative or the INNVOLUCRA, EUROSTARS and ERA-NET Programs.

3.- Enhance Corporate Innovation

Regarding the corporate innovation, Spain is still developing the “Traditional Models”: Corporate Venture Capital and Corporate incubation (insight -out) and just recently Spain we can see the development of new models focused on outside-in startup programmes and inside-out platform startup programmes (we’ll try to study these in more detail along this Innova foster project).

We can only add, at this point, some interesting recent study conclusions on Barriers perceived in companies to innovate:

External barriers

- low entrepreneurial culture at country level;
- deficiencies in the education system and knowledge generation;
- poor public support and regulatory constraints; and
- difficulties in the financing of these activities,

Internal barriers

- Enterprise culture and vertical structures. Excessive internal bureaucracy;
- Financial bias in decision-making. Lack of innovation indicators and iii) Operational problems: Selection of non-entrepreneurial personnel and unchanging processes.

It can be concluded:

- There is great predisposition to entrepreneurship and innovation but little radical and disruptive innovation.
- Companies have specific units of high level corporate innovation, but also innovation in vertical units.
- The importance of ecosystem management is recognized.
- Intrapreneurship activities are carried out without specific remuneration in most cases.



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III.- THE STARTUP INVESTMENT LANDSCAPE IN SPAIN IN 2017

Analysis of the startup investment landscape in Spain in 2017. we'll take a look, in different ways, at the current health of the Spanish startup ecosystem, including but not limited to:

- Top line analysis of the amount invested in Spanish technology companies last year
- Geography breakdown of capital invested, mostly focusing on Madrid and Cataluña
- Investment activity from foreign VCs in Spain
- Business model and industry analysis based on fundraising data from last year
- Exit activity in Spain involving both VC-backed and non-VC-backed technology companies

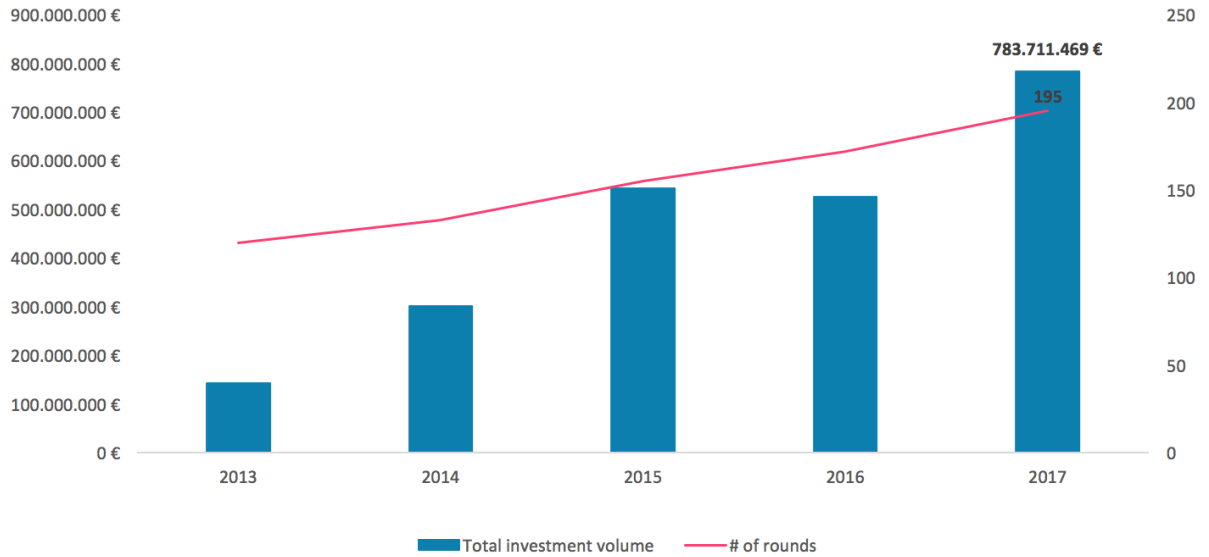
This analysis excludes financing from public entities (ENISA, CDTI, H2020, etc) as well as the biotech and life sciences sector. This analysis only includes publicly announced investments; for example, last year at K Fund we closed 8 investments, but only 2 of those have been publicly announced by the respective companies.



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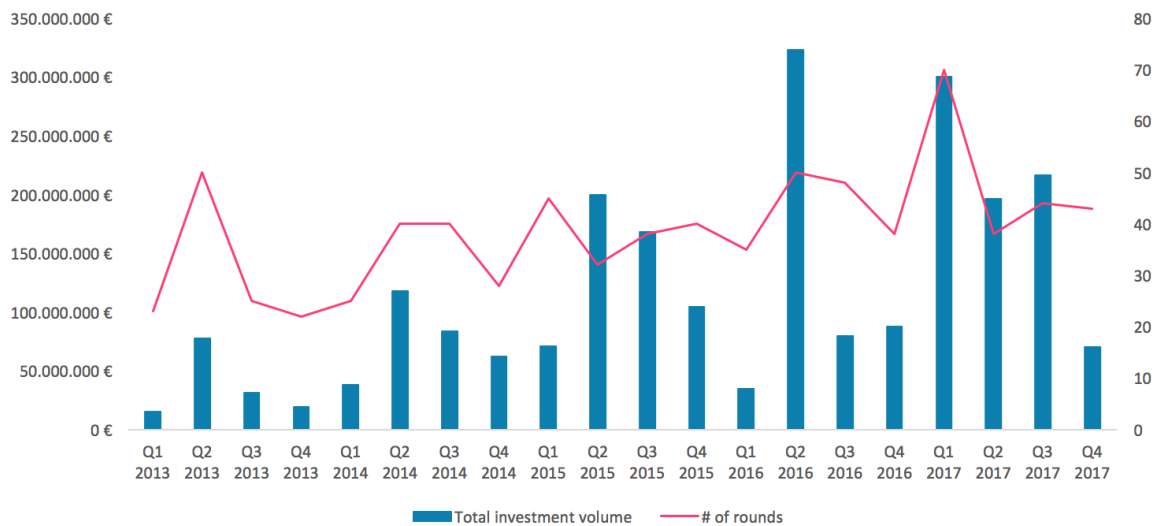


Startup investing activity in Spain (yearly breakdown)



Last year Spanish technology companies completed 195 rounds of funding, combining for more than €784 million. Both numbers represent the highest amount ever, which points to the maturation and growth of the local technology market.

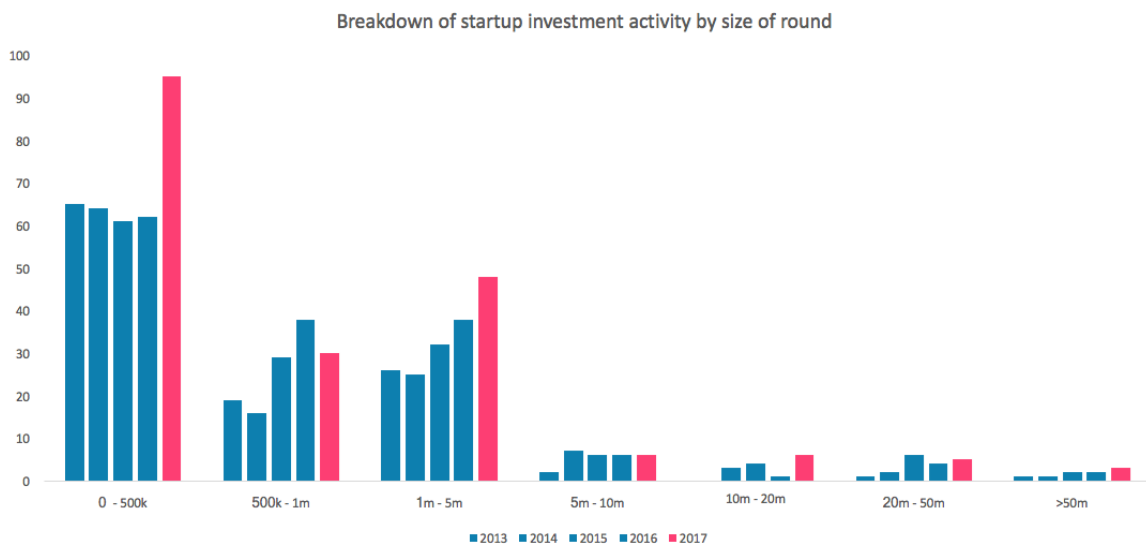
Startup investing activity in Spain (quarterly breakdown)



Traditionally, Q2 has been the most active quarter. What changed in 2017 was a significant uptick in activity in Q1 2017.

The amount of startups that have raised funding from investors has grown linearly since 2013, when 120 rounds were closed. In other words, this is not exponential growth like what we've seen in France in the past two to three years, for example.

What has grown significantly (almost +50% year-on-year) is the total amount of capital raised by Spanish technology companies. This comes as a consequence of some very large investments completed last year, specifically those from Letgo (twice), Cabify, ID Finance, Typeform, Logtrust, Fintonic and Glovo; all greater than €20 million.

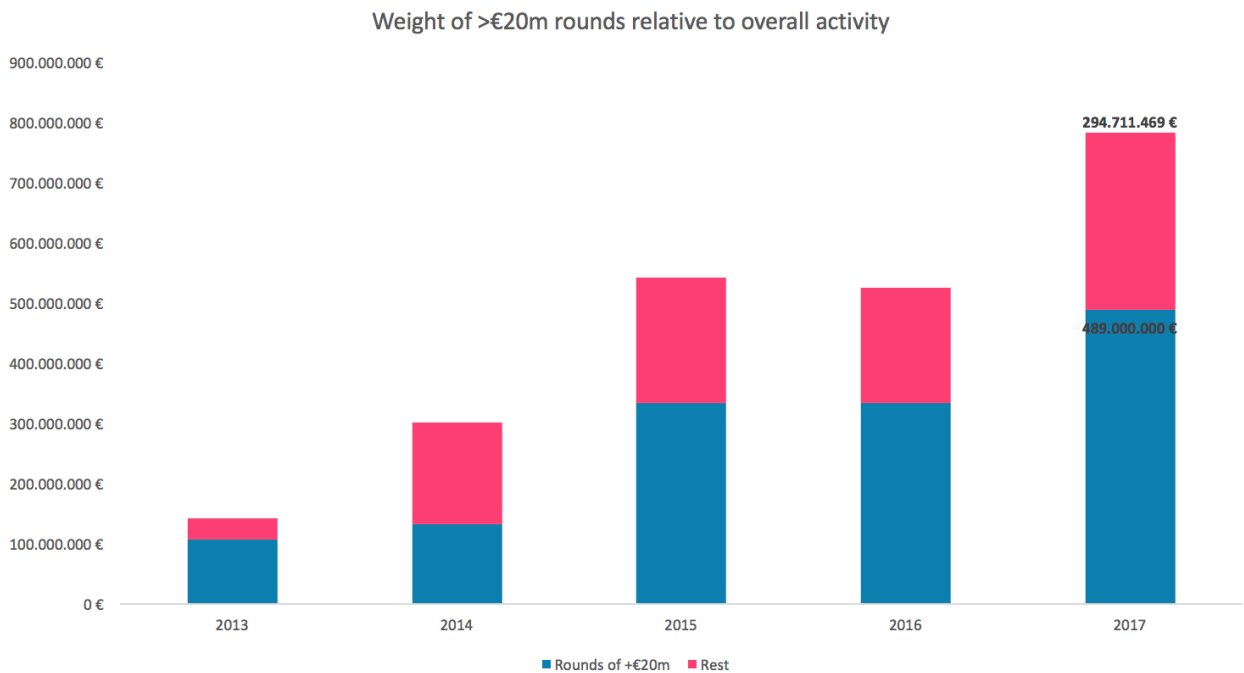


When the data is broken down by investment size, what's clearly visible is that **the amount of, let's call them pre-seed and seed deals, grew tremendously in 2017.**

Almost 50% of all rounds closed last year were equal or smaller than €500,000, which makes total sense given the amount of new investors (business angels and VCs) that are now quite active in the market.

What's also interesting is the fact that Series A activity (loosely defined in this case as rounds between €1 and €10 million) has also increased significantly, with a total of 54 investments falling in that bracket, vs. 44 last year. There were no big changes compared to previous years at the later stage, with the aforementioned 8 rounds greater than €20 million.

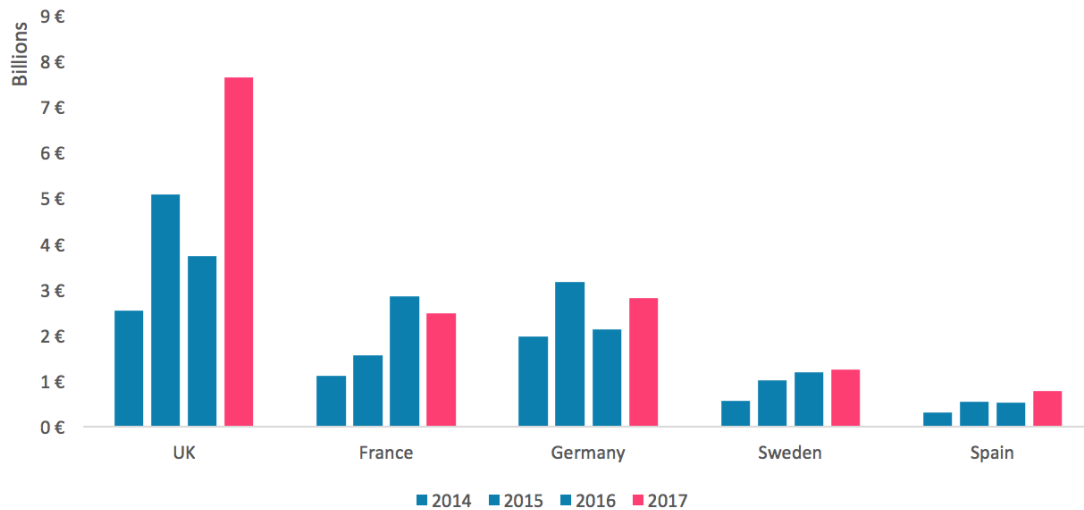
All of the above brings us to the next point, which is that we're seeing a **healthy balance between the total investment volume involved in early stage and late stage funding.**



Investments of €20 million or more combined for 62% of all capital deployed in Spain last year, which represents a **+46% increase compared to last year.** However, and as visible above, this uplift has also happened while the combined value of smaller investments continues to grow at a healthy rate of +55%. While all looks fine and dandy, let's finish with a reminder that the **Spanish startup ecosystem remains fairly small when put into (European) context.**



Startup investment activity across Europe



Spain as an Entrepreneurial Hub

These days **most countries have what could be called one or two entrepreneurial hubs**. London (or Cambridge and Oxford) in the UK, Paris in France, Stockholm in Sweden or Barcelona and Madrid in the case of Spain. These big cities tend to attract most of the talent and it's where most startups decide to establish themselves.

However, this doesn't imply that building a startup outside of these cities is an impossible task. Or that if you do so you'll be destined to fail. Talent is global and good companies can be found in small and medium-sized cities.



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Amount and number of operations in Spain by Region



What makes Spain unique, however, is that its entrepreneurial activity is spread throughout the whole country. Barcelona and Madrid have long battled it out for the title as the leading Spanish hub, however smaller regions like Valencia, Andalusia and the Basque Country are beginning to come into their own as well.

According to the European Digital City Index (EDCI), which measures how well different European cities support digital entrepreneurship, Barcelona is the highest ranked in Spain, and the ninth ranked overall. Local authorities have put extensive effort into making it the world’s leading digital city with a number of initiatives, such as smart traffic management, free public wifi, an open data initiative and the creation of the 22@ Innovation District.

Following close behind Barcelona on the EDCI is Madrid, which ranked 14th overall. In Spain’s capital city, incubators and accelerators play a particularly important role in the growth of the startup ecosystem. Telefónica’s accelerator program Wayra has a strong presence, in addition to others such as Tetuan Valley, Seedrocket and IE Business School’s Venture Labs — not to mention Madrid also hosts South Summit, one of Europe’s leading startup conferences. Together, these support organizations have



created a healthy environment to launch more startups like Cabify, which can proudly call Madrid its home.

But outside of these top two, other regions have showed extreme promise as well. One of these cities, Valencia, was also ranked on the EDCI at 42nd, due in part to its extensive entrepreneurship network of more than 33 investor funds, 500 startups, 40 startup communities and 60 coworking spaces and accelerators, including Silicon Valley's Plug and Play. However, the autonomous communities of Andalusia, which is home to 150 startups and the largest number of incubators in the country, and the Basque Country, are both gaining fame as hot Spanish startup hubs as well.

Despite a devastating economic crisis, governmental challenges, Spain has managed to develop an impressive and thriving startup ecosystem. There is no doubt that a number of challenges remain, but the country's resilience instills confidence in the prospect of its future as a global startup hub.



IV.- SPANISH ENTREPRENEURSHIP KEYNOTES

ENTREPRENEURSHIP IN SPAIN

- The percentage of new entrepreneurs in Spain is low, and varies from 5% to 7% from year to year. Half of new entrepreneurs are young people.
- The size of companies in Spain is limited: 52% of them do not have a single employee. Only 5% employ 10 or more people.
- The rate of business creation starting in the year 2000 was greater than that of companies that closed. However, in 2009 this trend was reversed with a net destruction of companies.

International comparison

- Attitudes in Spain are not favorable to entrepreneurship: risk-taking, fear of failure, creativity, internal control, perception of opportunities.
- The image of the entrepreneur in Spain is worse than in Norway, France and Italy. And the media devote less attention to entrepreneurs
- Networks of business angels are reaching good levels in Spain. Venture capital still has room to grow and reach European levels.

Key factors for entrepreneurship

The study's conclusions take a long view, trying to look beyond the necessary legislative measures of simplifying administrative processes and improving fiscal treatment to focus on structural factors.

From this point of view, it is considered that among the key factors for the promotion of entrepreneurial initiative in Spain are the promotion of entrepreneurial culture, entrepreneurship training and access to financing for new initiatives.



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ENTREPRENEURIAL CULTURE

- Spanish youth possess many of the values necessary for entrepreneurship, although they point out obstacles that are both external (the economic climate, access to funding, social opinion) and internal (fear of failure, attitude toward risk, lack of creativity).
- The media have an important role to play when it comes to improving the perception in the various spheres of society of entrepreneurs, publicizing and giving the appropriate value to examples of entrepreneurial people and their new projects.

ENTREPRENEURIAL EDUCATION

- Spanish young people do not feel that they have been educated to be entrepreneurs, and the experts agree that it is necessary to further strengthen training in entrepreneurial initiative and to do so at a larger scale.
- There must be a training process for teachers, and the appropriate materials and tools must be designed so that new units on entrepreneurial initiative can be incorporated into schools and the inclusion of business creation courses at a university level can become generalized.

FINANCING OF ENTREPRENEURSHIP

- Spanish youth and experts agree that financing is one of the most serious problems for entrepreneurship in Spain, despite the fact that good practices are emerging in the field of business angels and the fiscal framework.
- Venture capital still has a way to go and will be present to invest when there are more attractive projects and greater ease in disinvestments, possible through the development of alternative markets.

MAIN CONCLUSIONS

Spain's rate (6.2%) of entrepreneurship is not among the lowest, and it emerges more than anything due to necessity. It is lower than that of countries such as the USA (8%)



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and Norway (8.5%). In Spain entrepreneurs are born more out of necessity (4 out of 10) than opportunity.

Greater **risk aversion** than in surrounding countries. We take as many as three times fewer risks than those in the USA.

Greater **fear of failure**, although it seems to be improving among young people.

We consider ourselves to be **lacking in creativity**, and we think that what happens to us is to a large extent determined by others and by luck, which means that we have little self-confidence. Both of these figures show improvement among young people.

Being an entrepreneur is not considered very socially desirable: It has a 48% rate of popularity, compared to 73% in the USA and 62% in France. Young people believe that society places higher value on independent professionals (72%) and scientists and artists (69%) than on entrepreneurs and businesspeople (38%). Only civil servants have a worse reputation.

The media in Spain pay scanty attention to entrepreneurship. In countries such as the USA and Norway, there is twice as much media interest in the issue.

The percentage of “neither-nors” (people who neither study nor work) in Spain is the highest among surrounding countries for the 15 to 19 age range. This difference is smaller for the 20 to 24 range.

People in Spain prefer wage-earning jobs to self-employment. Self-employment is the preferred option for 40% of people in Spain, compared with 51% in France and 55% in the USA.

Spain has a low level of investment in R+D and of employment for researchers. There is half as much investment in R+D (as a percentage of GDP) as in the USA, and there are 40% researchers per 1,000 residents.

The ecosystem of business angels is favorable and continues to grow. However, the investment in venture capital in the early stages of business growth is not commensurate with the size of the Spanish economy.



V.- INNOVA FOSTER – SWOT SPAIN

Strengths	Weaknesses
<ul style="list-style-type: none"> • Growing number of incubators, accelerators and science and technology parks • Growing number of start-up events • Highly educated human capital • Vibrant start-up communities in Barcelona and Madrid • Increasingly active Business Angels • Healthy balance between early stage and late stage funding 	<ul style="list-style-type: none"> • Low quality of new enterprises (most are self-employment) • High levels of bureaucracy and taxes • Government-enabled funding and VC funds still need to grow • Training in entrepreneurship needs to be strengthened
Opportunities	Threats
<ul style="list-style-type: none"> • Current job market makes entrepreneurship a good option • Highest ever percentage of people who see good business opportunities • Lower rents and living costs than major EU cities • Lower salaries • Major corporates are beginning to support start-ups • Growing media coverage for entrepreneurs 	<ul style="list-style-type: none"> • Low scores for technology/innovative development indicators • Fear of failure is still relatively high, although improving • People prefer wage-earning jobs to self-employment • Brain drain



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Annex 1: List of involved stakeholders

1.- Spanish Ministry of Finance.

<http://www.hacienda.gob.es/en-GB/El%20Ministerio/Paginas/El%20Ministerio.aspx>

2.- Madrid City Council

<https://www.madrid.es/portales/munimadrid/es/Inicio/El-Ayuntamiento/-promos/Madrid-City-Council>

3.- Barcelona Chamber of commerce

<https://www.cambrabcn.org/en/web/cambra-english/home>

4.-ENISA

<https://www.enisa.es/>

5.- Barcelona Activa

<http://www.barcelonactiva.cat/barcelonactiva/cat/>

6.- Fundación COTEC

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