



ACCELMED
Acceleration for
Mediterranean
Companies



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ACCELMED Project

Transnational Acceleration Tools for MED SMEs

Capitalization projects 2012

Priority-Objective 1-2

Axe 1: Strengthening innovation capacities

Objective 1.2: Strengthening strategic cooperation between
economic development actors and public authorities

**Policy recommendations for MED 2014-2020 in
Innovative services for the support of SMEs**

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1. CONTEXT

1.1. EU and Med Space

The MED Space (NUTS2 regions involved in the former MED programme plus the newcomers Midi-Pyrénées, Valle d'Aosta, Lisbon) is home to more than 122 million people, which represent almost a quarter of the European population (24.3% of the EU27 population)¹. Its population density is significantly higher than the European average, with a number of major cities, such as Barcelona, Lisbon, Marseille, Toulouse, Milan, Rome, Naples, Athens located in the Mediterranean.

The MED Space counts with an average GDP per capita lower than the average of EU-28² and has been strongly affected by the last economic crisis started in 2008, which has risen the unemployment levels in most Mediterranean countries.

Today, 85% of net new jobs in the EU's private sector are created by SMEs³. This fact, makes it of critical importance to support Mediterranean SMEs as a means to foster job creation. SMEs have to face a turbulent business environment and an economy characterized by constant change and their success depends on their ability to manage innovation, technological change, and access to finance and new markets. Increasing their success possibilities will foster job creation and smart growth.

1.2. Smart Growth

Europe 2020, the EU's growth strategy for the coming years, focuses its challenges in reaching smart, sustainable and inclusive growth. Smart growth entails the strengthening of knowledge and innovation as drivers of future growth. To reach smart growth, it is vital that research & innovation are promoted and transferred around the EU, so as to enable that breakthrough ideas are turned into new products and services that address global societal challenges and generate quality employment. The growth model promoted by EU2020 strategy is based on the flagship initiative "An Integrated Industrial Policy for the Globalisation Era", which aims at improving the business environment, notably for SMEs, and at supporting the development of a strong and sustainable industrial base able to compete globally.

For the **MED space**, supporting SMEs is particularly important since these represent the predominant business tissue. Traditional business continues to influence the area's economic profile with SMEs that tend to remain of small dimensions and who, currently, face limited access to credit and private funding. The innovation goals and challenges targeted by regions of the MED space, are essentially⁴:

- Strengthening the links between research and business;
- Promoting clusters and collaboration;
- Strengthening research organizations (public and/or private) by supporting both infrastructures and projects;
- Raising awareness and strengthening the capacities of business and other relevant organisations so that they develop their innovation potential internally, (especially SMEs);

¹ EUROSTAT: Population 1st January 2012.

http://www.programmemed.eu/fileadmin/PROG_MED/MED_2014_/SWOT_EN.pdf

² EUROSTAT: Data from 1st June 2014

³ http://ec.europa.eu/enterprise/magazine/articles/smes-entrepreneurship/article_11071_en.htm

⁴ Ex-ante evaluation & SWOT analysis of the MED territorial cooperation programme

http://www.programmemed.eu/fileadmin/PROG_MED/MED_2014_/SWOT_EN.pdf

- Funding innovation, at each stage of the innovation process, funding innovative start-ups, or funding for the innovation projects of existing businesses
- Concentrating the resources of the different stakeholders on a limited number of priorities as part of a smart specialisation strategy; Ex-ante evaluation & SWOT analysis of the MED territorial cooperation programme
- Developing schemes to support the exportation of innovative products and services
- Incorporating social and eco-innovation within the scope of innovation support
- Enhancing innovation governance and strengthening dialogue between stakeholder partners

In order to enhance the competitiveness of SMEs, the **ACCELMED project** has capitalized previous good practices to develop and test innovative services for the support of SMEs addressing the three challenges:

1. Access to private funding
2. Access to international markets
3. Business growth potential

2. SMEs' access to private funding

2.1. Needs

According to the 2013 European Commission survey on SMEs access to finance (published on November 14, 2013), access to finance is considered by European SME managers as their most pressing problem, just second after finding customers.

Needs to be addressed:

- lack of transnational investment,
- lack of networking spaces for investors,
- lack of SME preparation to pitch in front of investors,
- lack of a formal Business Angel network in some countries, such as Greece,
- lack of a concrete strategy by the companies, lack of credit provision by the banks,
- lack of public funding for start-up companies or potential entrepreneurs,
- no funding is provided from venture capitals to start-ups due to the nature of these companies,
- the local ecosystems of entrepreneurs and investors are young and still not well developed. As a result, the investment tickets are usually small and business angels need to have opportunities to coinvest. For this reason, business angels networks need to be strengthened and collaborations and networking among the networks and their members need to be reinforced, at a local and transnational level.

2.2. Objectives

The objective of designing and implementing different forms of transnational investment forums is to accelerate the growth of innovative start-ups by connecting them with potential local and international investors and experienced professionals.

2.3. Methodology and results achieved within the ACCELMED project

Eight transnational investment forums have been organised within the ACCELMED project. (1Maribor/1Bologna/1Athens/3Barcelona/1Marseille/1Milan).

Different formats of fora have been implemented in each city in order to adapt to the expectations and needs of each partner and target groups (investors/SMEs).

2.4. Benefits of a transnational investment forums

For start-ups:

- Get access to funding
- Obtain guidance advice and connections
- Access information on international market opportunities
- Get connected to investors able to support their expansion on other/international markets

For investors:

- Access quality deal flow
- Be informed of new potential innovations
- Get connected to the European investment community
- Generate co-investment opportunities

2.5. Key issues to foster transnational investment/co-investment

The following key issues should be taken into account when organizing transnational investment forums in order to foster transnational investment and/or co-investment.

- The **mobilisation of investors** could be effected through the business angels networks or groups. Mainly, transnational investment is possible if it is in the form of co-investment. Investors would invest abroad if this is done together with a local investor who is near the entrepreneur and able to provide a closer follow-up.
- Investors should have the opportunity to have a space for **networking**, so that they can get in contact and establish stable connections among each other, beyond the local scope. This could create co-investment opportunities and facilitate further investments rounds.
- Achievement of **media coverage** should be ensured in order to attract a significant number of companies and investors, depending on the size of the investment forum. Investment Fora could be organized as public events in the frame of larger initiatives (e.g. business fairs or large events) in order to gain visibility and facilitate participation for interested parties.
- A **focus** on a specific sector or topic raises the interest of more targeted investors
- The **procedure for the selection** of enterprises to participate in the investment forum should foresee strict selection criteria, taking very much into account, not only the solution proposed, but also the maturity level.
- Organisers of the investment forums should take into account the option of restricting the **number of participants**, depending on the sector of the forum, with the aim of increasing its results.
- Companies should be well prepared in order to participate in the investment forums. This entails **pitching** coaching, among others. Pitching levels should be leveraged among participant cities/regions/countries. A full service package for selected start-ups that access the event could be provided: preparation services (training and consultancy), training on investment readiness and evaluation report on company investment readiness levels.

2.6. Policy recommendations

Initiatives that could be promoted within ETC programmes to foster transnational investment/co-investment and to support SMEs in accessing private funding:

- 1) Promotion of cross border networking between Business Angels networks in order to foster transnational co-investment
- 2) Build capacities: internationalization & investor readiness
 - Important to keep on building knowledge & skills on how to go international and more specially how to reach other European countries for start-ups
 - Plan holistic capacity building programmes focusing on international development and access to funding to help:
 - Start-ups to identify their competitors /strategic partners
 - Identify priority country/markets
 - To adapt its strategy to the market(s) chosen (create spin-off/ rely on partnerships/hire “agent”)
 - Organise targeted events for start-ups internationalization on specific market with market specialist
 - Finalise with a pitching session with investors adapted to the market.
- 3) Launch start-ups competitions to promote investment to a specific country with the specific focus :

- Sector focus – competition in association with sector poles
 - Investor networks
- 4) Provision of market intelligence and awareness services about the investment and market potential of key technological innovations and investments.
 - 5) Organisation of awareness campaigns/initiatives engaging European key actors and stakeholders from investment industry and business communities (eg. VC/Business Angels associations, business networks and trade bodies across Europe).
 - 6) Organisation of visits and meetings of investors delegations with local/national investors communities and associations (e.g. scheduled on yearly basis).
 - 7) Implementation of awareness and capacity building programmes addressed to investors communities regarding to invest in European startups/SMEs.

Legal frameworks which could be developed to improve start-ups and SMEs cross border growth and access to funding.

- Promotion of patent application to improve the investment attractiveness.
- Definition of a more harmonised strategy for Crowd-Funding allowing for co-investment schemes and extension of tax incentives schemes
- Foster capacity building of Business Angels, Business angels syndicates and networks, their recognition and professionalisation, and facilitate cross border investments by developing a common accreditation system and BA
- European passport (eg. through mutual recognition of fiscal incentives among angel investors in the Member States),
- Encourage Programs of Fiscal incentives, including at cross border level, in order to move more private investment to startup and early stage companies by sharing risk with the public sector and inspire professional approaches to the “nation-building” exercise of Europe’s citizens in investing in growth and the next generation
- Institute an E-Corp: a new type of cross European company that can be created under 24 hours, possibly at a second stage with the same requirements across the EU and which would be invested in by investors holding E-Passports,
- Create a label for the European innovative enterprises facilitating their access to state aids, fiscal incentives and public procurement.

3. SMEs' access to international markets

3.1. Needs

The following needs could be addressed from a transnational approach :

- Lack of cross landing specialised services
- Lack of one single service desk offering business landing services
- Lack of market analyses, customised according to specific business needs

3.2. Objectives

The development of a Mediterranean cross-landing cooperation has the objective of promoting the involved territories and supporting Mediterranean SMEs in their internationalization strategies.

3.3. Methodology and results achieved within the ACCELMED project

Three workshops have been organized, each of them focused on a different stage of the process, thus guiding participants through an analysis, identification and definition of soft-landing services. The objective has been to create a common portfolio containing all the identified softlanding services organized by category following one single classification criteria.

-Workshop 1: The analysis of the Entrepreneurship Ecosystem.

What does an ecosystem need to be attractive? What do our ecosystems have/lack?
How can they be improved?

-Workshop 2: The identification of Softlanding services.

Identification of available /needed soft-landing services per region and elaboration of a common portfolio, together with the involvement of local and regional stakeholders providing business landing services.

-Workshop 3: Launch of Crosslanding services.

Presentation of the cross-landing services' portfolio to institutions with potential interest to join.

As a result, one joint portfolio containing all the services available to give business landing support has been defined. A Memorandum of Understanding has been drafted with the purpose of having a legal framework to sustain the cooperation.

3.4. Benefits of a cross-landing cooperation

- a) **For institutions:** institutions supporting enterprises in their process of setting-up abroad will find the following benefits in cooperating:
 - a. Trustworthy filtering:
 - i. Network partners will be able to receive interested entrepreneurs whose interest in setting-up has been previously filtered by the partner of origin.
 - ii. Network partners will be able to offer their local entrepreneurs with contacts abroad who comply with the network quality standards.
 - b. Benchmarking of services and procedures: partners will be able to compare and stay updated on trends and services offered in different territories.
 - c. Enlargement of services portfolio: partners will be able to offer their entrepreneurs with support services abroad. This will be done through the network members, thus saving representation costs abroad.
 - d. Promotion and attractiveness: being part of a network offering services on other territories, territorial agencies will more likely promote these territories towards their SMEs. Thus, they will be active contributor of the promotional efforts of the other territories to attract external companies.

- e. **Multiplier effect:** this cooperation will set institutions for business support in regular contact, thus increasing possibilities of developing further cooperation and peer to peer assistance.
- b) **For enterprises:** SMEs looking for internationalization will get the following benefits:
 - a. Save time and costs: SMEs will get direct access to contacts, information and services for business landing in each territory associated to the network;
 - b. Market outreach: SMEs will have a local account manager able to drive the company to services delivered in external markets;
 - c. Security: in each territory associated to the network, SMEs will be offered services complying with the quality standards required by the network.

3.5. Key issues to build a cross-landing cooperation

The following issues should be taken into account when building a cooperation in terms of business landing services:

- Detect and **involve all relevant players** and stakeholders.
- Start **analyzing and benchmarking territories**. Getting to know the strengths and competitive advantages will help territories to set the focus of the services that they provide and the companies that they want to attract.
- Agree on a **categorisation for the business landing services**. These categories should be easily understandable for end-users and should serve all partners to “speak the same language”.
- Offer services that are being provided in a **sustainable** way by business support institutions in the territory. Avoid offering services funded by short term projects or creating *ad hoc* services

3.6. Policy recommendations

Initiatives that could be promoted within ETC programmes to foster the development of services to support business landing and the collaboration among entities providing these services:

Awareness raising for business support centers, chambers, development agents to provide soft-landing services.

Test of services on the field:

- Cross-landing services should be tested on the field through the direct involvement of companies. This should contribute to the validation of service offers and consolidation of collaboration routines between transnational partners and also between local partners.
- Funding could be made available for the first companies to test the cross landing service packages.

Capacity Building of intermediary organizations:

- Training and exchange programmes may be developed to facilitate collaboration between intermediary organizations.

Tools to collaborate:

- Guidelines on service internationalization may be developed at country and regional levels in order to develop a common language and access detailed descriptions of services. This will help in the development of “quality standards” for softlanding services at EU levels.
- A web platform for guiding companies and giving visibility to intermediaries may be promoted at EU levels

Tools to attract foreign companies:

- Cross-landing services should be enlarged to other organizations in Europe and outside Europe. A study could be made among local companies in each partner region in order to identify which regions are the most of interest for them in order to develop partnerships with most requested areas.
- A debate should be developed between regions on how to attract interested companies from other countries in order to help regions make decisions on what sort of incentive to apply in a conscious way.

4. Boost business growth

4.1. Needs

The following needs could be addressed from a transnational approach :

- Most companies operating in the Mediterranean are small and medium-enterprises that do not have the means to develop a growth strategy.
- Lack of a formal pool of mentors
- Lack of a formal network of Business Angels
- Lack of knowledge on business related issues

4.2. Objectives

The objective of designing and implementing transnational interrelated acceleration programmes is to accelerate the growth of innovative start-ups by providing them with the training, mentoring and needed tools to increase their dimension.

4.3. Methodology and results achieved within the ACCELMED project

Acceleration Programmes are support schemes devoted to businesses initiatives with growth potential. There are two main types of acceleration programmes: (1) acceleration programmes dedicated to business ideas that aim participant develop a business idea and plan the launch of a business start-up and (2) acceleration programmes for existing companies with growth ambitions.

Most existing acceleration programmes are local or national initiatives. Therefore a transnational programme may make a difference in particular for those businesses in the growth stage.

Four acceleration programmes have been implemented (Barcelona/Bologna/Ljubljana/Athens) with the aim of boosting the growth potential of innovative businesses in order to reinforce regional competences and businesses support services taking advantage of the trans-national dimension of the initiative.

Programmes contents are described in the table below.

Services	Local actions	Transnational actions
Training	Training sessions made as introduction to mentorship services.	Webinars for all companies
Mentorship	Mentorship services are provided locally by local consultants.	Mentors are available for other regions businesses during the event "Innovate and Match" in Bologna and in distance through one to one web meetings.
Events	Local events for promotion purposes (e.g. during the call of proposals opening) or for service provision purposes (e.g. networking events for companies)	Matchmaking event "Innovat&Match" in June 2014 in Bologna.

Summary of ACCELMED Acceleration Programme actions

4.4. Benefits of an acceleration programme

The added-value of a transnational collaboration in the organization of acceleration programmes entails:

- Provision of access to sources of funding
- Provision market trends analysis
- Better business execution for entrepreneurs
- Provision of access to multiple sources of information and training
- Consolidation of various people's ideas in order to turn them into effective services

4.5. Key issues to implement acceleration programmes

The following issues should be taken into account when building acceleration programmes:

- Provision of tailor-made/personalised training and consultation that should address the specific needs of each start-up.

Selection of companies:

- **Target companies should be clearly identified** when defining the programme contents e.g. sector focus initiatives may be preferred to general initiatives, company stage should be clearly identified. If we may use Steve Blank company stage division, phases are: discovery, validation, efficiency and scale.
- Transnational Acceleration programmes for **existing companies should be reserved to those companies in the scale** phase i.e. after having proved consolidation in their primary market. This will avoid problems of premature scaling with impact on company image and economic viability.
- Focus on post-startup companies, i.e. companies with 2-3 years of experience, especially those coming from accelerators often need follow-up services.
- Focus on “mature” companies, i.e. established business models that need to innovate to grow.

Services:

- **Services may include training, individual mentorship, networking and events as well as access to funding.**
- **Training** may be developed in various forms: live training including project works and exercises as the “learning by doing” approach has proved to be wider appreciated by entrepreneurs and in remote forms as webinars. Webinars have proved to be highly appreciated especially by those companies that have difficulties to take part in live trainings. Those are also very good marketing tools for the acceleration programmes.
- **Mentorship:** taylor made services are the most appreciated part of acceleration programmes in which companies are very much interested to access direct help on key aspects as business development, research of investors or of other partners.
- **Networking:** accessing new contacts are key aspect of acceleration programmes. Peer reviews and interaction between participants are also key elements to keep participants motivated and focused on the programme objectives.
- **Funding:** access to funds should also be considered even in small amounts for instance to reimburse participation in some activities.

Access to transnational competences:

- Access to **mentors based in other regions** are key elements for transnational programmes.
- **Networking events and contacts** in other regions are also to be included even through connecting with existing networks and initiatives (EBN, EEN etc.)

Monitoring and feedback:

- Establish a monitoring system to get feedback on the development of participants and learn from the real cases of success.

Policy recommendations

- Acceleration programmes have proved to be excellent initiatives to help companies implement a sound growth strategy. There is a lack of this type of actions with a

European or Mediterranean approach. Future experiences to help EU/Med companies develop their growth strategy through such initiatives should be favoured.

- Initiatives that could be promoted within ETC programmes to foster the growth potential of SMEs:
 - o Incentives for creation of acceleration camps
 - o Incentives for the internationalization of start-ups
- A debate should be launched also at EU levels on barriers for growth for Mediterranean start-ups as: taxation, access to finance and access to international competences to reach new markets, access to markets.