Bitkom e.V. | Press release

Europe, tech it to a scaling level: towards a strategic approach to strengthen the European tech ecosystem!

Berlin, October 26th 2022 - The French tech association Numeum and the German digital association Bitkom have today proposed measures in a joint position paper to consolidate the European startup and scaleup ecosystem.

“We welcome the ongoing commitment of the European Union to funding startup ecosystems.” says Guillaume Buffet, Numeum Board Member in charge of Startup, “Even so, we call the institutions to support the development of the business of European startups! Direct purchases by local authorities and European public actors, as well as strong incentives for private actors, must become a priority lever to support European tech. One euro of revenue is as effective as two euros raised. These elements are complementary."

Bernhard Rohleder, CEO Bitkom, states: “A strong startup ecosystem and the creation of technological champions can make an important contribution to maintaining European competitiveness and the digital sovereignty of the European Union. For startups to grow, we need to provide them with the right framework: in addition to enough capital, this also means easier access to European markets, the promotion of key technologies, and the creation of an attractive location for the best talents in the world. Because one thing is clear: today's startups are tomorrow's global players.”

For Numeum and Bitkom, the European Union must have an efficient strategy that aims at focusing on a few champions, whose funds from the European Tech Champions Initiative (€10 billion) and targeted measures will indirectly benefit the whole technology ecosystem and thus the European Economy. We furthermore need to work on the right framework conditions to enable the emergence of new European tech champions with regard to three key areas:

1. A **clear** and **homogeneous European legislative** and **regulatory framework**;
2. An **environment** t**hat fosters major public and private players to become clients of European disruptive players** at an early stage;
3. An **environment suitable for the recruitment of talents**.

Regarding these pillars, **Numeum and Bitkom formulate 8 recommendations** for European policy makers:

Providing a Level-Playing Field - in the market and in legislation

1. **Harmonizing European legislation** to promote promising, innovative startups and introduce a “startup-check” to ensure that new regulations are implemented without disproportionate effect on them;
2. **Defining common terms and targets for a tactical approach** (deeptech, startup, scaleup, etc.);
3. **Promoting new deeptech sandboxes** that should additionally be supported beyond national borders.

Broader approach for greater impact: It's not just money that counts

4. **Implementing a European preference strategy to guide European public purchasers in their technological choices**;
5. **Rethinking and covering the risk, or rather the perception of risk, of private procurement**
    - Rethinking the accounting definition of quasi-equity;

    - Creating incentives to encourage private companies to contract with startups;
    - Taking over insurance contracts of private deals (or the quasi-equity financing that would accompany these contracts) above a certain amount.
6. **Strengthening diversity across Europe's scaleup scene**, for instance through:
    - Imposing at least 30 percent of the management, partners and other senior positions in the ETCI team should be held by women;
    - Encouraging VCs to commit themselves to public reporting.

Tackling the talent shortage by stimulating an attractive European working environment

7. Promoting the EU as the global number one location for attractive working conditions and making immigration from non-EU countries to Europe easier and more inviting. This also requires EU-wide harmonisation of employee stock options to enable participation in companies operating in multiple countries.
8. In the short term, **promoting a central information platform** for standard employment contracts, a taxation overview and similar relevant information for each member state; in the long term, **creation of a European employment contract for technology startups identified as strategic**. Such a contract would provide flexibility for companies to recruit and would allow them to meet employees' expectations in terms of mobility.

These recommendations should **be eligible if startups meet the forthcoming definition criteria of the European Commission** in order to be labelled and if **their solutions are mainly based on European technology** (hosting, servers, etc.). According to the measures proposed, Europe would be **betting on a few up-and-coming technological leaders but the trickle-down effect of the measure would benefit the entire ecosystem by enhancing the European value chain**.

About Numeum

Numeum is the largest digital trade association in France. We represent more than 2,300 companies of all sizes, from high-growth tech start-ups to the largest groups operating in the digital sector. It includes software providers, digital services companies, platforms, engineering and technology consulting firms, data aggregators and innovative companies.

About Bitkom

Bitkom represents more than 2,000 companies of the digital economy, including 1,900 direct members. Through IT- and communication services only, our members generate a domestic turnover of 190 billion Euros per year, including 50 billion Euros in exports. Members of Bitkom employ more than 2 million people in Germany. Among the members are 1,000 small and medium-sized businesses, over 500 startups and nearly all global players. They offer a wide range of software technologies, IT-services, and telecommunications or internet services, produce hardware and consumer electronics, operate in the sectors of digital media or are in other ways affiliated to the digital economy. 80 percent of the companies' headquarters are located in Germany with an additional 8 percent each in the EU and the USA, as well as 4 percent in other regions. Bitkom supports the digital transformation of the German economy and advocates a broad participation in the digital progression of society. The aim is to establish Germany as globally leading location of the digital economy.

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