VENIONAIRE CAPITAL

Report | Vienna, 2017

An introduction to European Accelerators

Introduction

Our newest research discovers performance and quality of European accelerators. We provide you with an overview as well as a ranking of the top 20 European accelerators.

Our research team developed a scoring model to evaluate accelerators. However, it is quite tricky to distinguish between general early-stage funds, incubators, and accelerators, as the "naming" is not standardized yet.

Therefore, we defined an "accelerator" as a fixed-term program that includes mentorship and educational components, culminating in a demo day and fundraising eventually.

Executive Summary

The primary goal of our short report is to provide an insight into the nature of successful European accelerators.

We did this by using our internally developed scoring model. In addition we provide a simple path of evolution of the ecosystem as well as our projections for further developments in this field.

The conception of the accelerator dates back to 2005 and the appearance of ***Y Combinator***, practically the first accelerator build on the framework we know today. ***Seedcamp,*** the first accelerator in Europe, launched in 2007.

Since then, the number of European programs grews steadily with **26** new accelerators launched in 2015 alone.

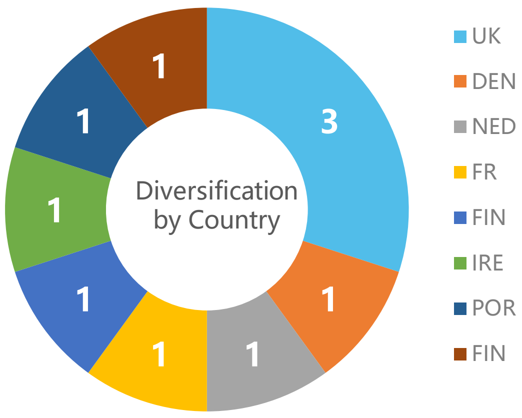
Our methodology combines hard factors like follow-on investments, average exit-size and soft factors like reputation, acceptance rate, etc.. We used a weighted factor scoring model to rank Europe's leading accelerators and we will re-run our model annually.

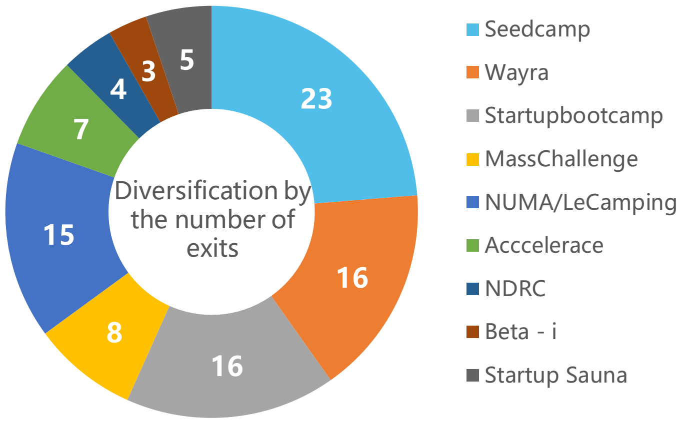
The growing competition among accelerators led to a trend of „specializations"and called large corporates on stage. We identified ***IoT, SaaS, FinTech and Mobile*** as the four leading verticals currently supported by accelerators.

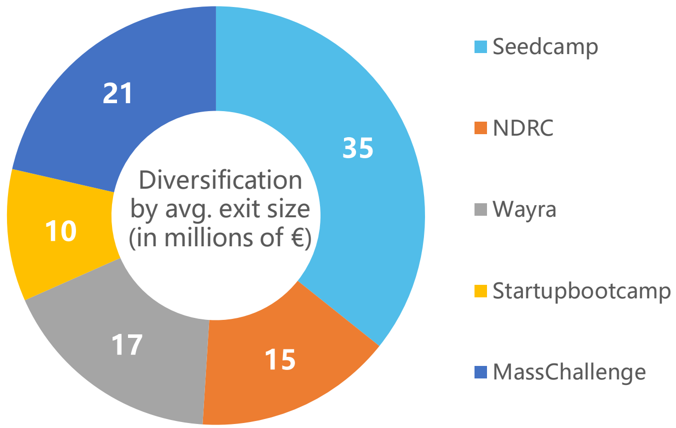
Best European Startup Accelerators of 2017

Besides providing an insight into the role of accelerators in today's tech world, their appearance, and development, we also bring you the current ranking of the best European accelerators, based on our internally developed scoring model. For additional information please compare our recent article on [Corporate Startup Engagement.]

The figures below represent an excerpt from our research and show diversifications of top 10 startups by country, the number of exits, and average exit size.







Source: Venionaire Capital, 2017

RANKING

Ranking	Name	Country (HQ location)	Corporate and Institutional Partners	Duration	Workspace	Equity Deal	Investment	Services	Qualitative Scope	Total Investments (No. of Startups accelerated)	Exits	Avg Exit size	Survival rate (12 months after)
1	Seedcamp		Silicon Valley Bank, PayPal, PwC, Google, Amazon	3m	Yes	Yes	€75k for 7%	Mentorship, Partnership, Network, Feedback, Investment	Fintech, Cloud/SaaS, Analytics, eCommerce, Media, Proptech	235	23	€35M	90%
2	MassChallenge Accelerator		Microsoft, IBM, JP Morgan, Nestle	3-4m	Yes	No		Mentoring, Office Space, Network, Specialized Workshops	All Sectors, All Stages	160	8	21	98%
3	Wayra		Telefonica	3m	Yes	Yes	€80k - €120k depending on maturity	Financing, Mentoring, Workspace, Network, Events	All Sectors, All Stages	853	16	€17M	86%
4	Startupbootcamp		Amazon, Deutsche Bank, Cisco, Allianz, Mastercard	3m	Yes	Yes	€25k Cash for 6%	€15k per per team for living expenses, Free Office Space, Mentorship, Access to APAC Market, Network,	NA	484	16	€10,15M	92%
5	NEXT Amsterdam		-	up to 2y	Yes	Yes	€50k through a 2 years program	Investing, Mentoring, 1on1 Mentoring, Resource Pool, Network, Working Space	Fintech, Healthcare, IoT	6	-	-	100%
6	Beta-i (Lisabon Challenge)		Caixa	2m	Yes	Yes	€75k- €115k Coinvestments	Funding, Mentoring, Structure, Validation, P-M Fit	FinTech, Telecom, Retail, Enterprise, Industry 4.0, Mobility	163	3	-	95%
7	NUMA/LeCamping		BNP Paribas	3m	Yes	Yes	up to 3,5% equity stake for participation	Mentoring, Network, Demo Day, Investor meet Startups, Access to Corporate Partners Network, 3 months free Office Space	All Sectors, All Stages	168	15	€9M	90%
8	NDRC		Bank of Ireland	3-6m	Yes	Yes	€30k - €100k	Mentorship, Marketing, PR, Business Model Innovation, Events, Network	All Sectors, All Stages	162	4	€15M	86%
9	Startup Sauna		-	1,5m	Yes	No	No	Mentoring, a €1000 Grant, Co-Working Space, P-M Fit, Events	All Sectors, All Stages	182	5	-	86%
10	Accelerace		-	1-6m	Yes	Yes	Yes	Mentorship, Network, Resources and tools worth €50.000+	ICT, FoodTech, CleanTech, Life Science & BioTech	161	7	-	95%

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11	Eleven			3+m	Yes	Yes	up to €125k	Coaching, digital Infrastructure, Global Network	Fintech	155	1	-	93%
12	Entrepreneurial Spark		Ulster Bank, RBS	6 to 18m	Yes	No	No	Mentoring, Hatchery (free IT/Wifi), Workshops, Networks, Pitch Practice	All Sectors, All Stages	20	-	-	
13	Axel Springer Plug&Play		Deutsche Bank	3m	Yes	Yes	25k for 5%	Mentoring, Pitch Training, Network Access, Investor Access	All Sectors, All Stages	95	1		92%
14	Techstarts/Barclays Accelerator		Barclays	3m	Yes	Yes	up to £120k	Mentorship, technical expertise, Network commujnity, alumni Techstars	All Fintech	44	-	-	98%
15	Acccelerator Academy		NatWest	3m	Yes	Yes	£50k - £250k for 3-5%	Mentorship, Training, Invetment	Early Stage Tech, Media, Telecom	18	-	-	94%
16	Nordea Startup Accelerator		Nordea	3m	No	Yes	€12k - €150k	Network, Mentoring, Workshops, Access to VC from Nestholma	Emerging Technologies (Cognitive Computing, AI, Blockchain, etc.); Digital Life and Pension;	21	-	-	95%
17	Unicredit Start Lab		Unicredit	12m	Yes	Yes	€30k-250k Coinvestments	Mentoring, Training, Connections, 10,000 Grant, Assessment (Coworking and Network for FinTech Accelerator)	Life Science, ICT/Web, CleanTech, Innovative Made in Italy, FinTech	8	-	-	
18	Kickstart Accelerator		Credit Suisse, UBS	3m	Yes (optional)	No	up to €22.500 plus €1.380 monthly founders stipend	Access to swiss innovation ecosystem, Workshops, Training, Legal Support	All Fintech, wealth management, blockchain	4	-	-	
19	IMPACT Accelerator		Fiware, European Commission		Yes	No	up to €100k, no equity	Guidance, Coaching, Mentoring	Software, Mobile, SaaS	1	-	-	
20	Fabrica de Startups		LG, Fidelidade, Sage	3-6m	Yes	No	N/A	Mentoring, Market access, Network, post program location services	Software, SaaS				

BACKGROUND

Appearance of Accelerators

The concept of an accelerator was conceived in 2005 in the US with the appearance of *Y Combinator* and shortly followed by *Techstars* in 2006. Y Combinator came as an innovative concept that brought significant leaps in the development of the ecosystem, and in the creation of strings in a connection between startups and investors. One of the prominent examples of its innovative ideas is SAFE (Simple Agreement for Future Equity) – a non-debt, flexible, one document security instrument, created to save startups and investors' money in legal fees and reduce the time spent negotiating the terms of the investment.

European soil waited till 2007 for the launch of the first accelerator - *Seedcamp* – in a form of an early stage fund (as they call themselves). It was originally founded by *Reshma Sohoni* and *Saul Klein* and gave spark to the birth of a whole new generation of entrepreneurs and big ideas on the European continent. During the following decade, many new names in forms of VCs and advisors have Seedcamp joined as partners such as Index Ventures, Atomico Investments, Atlas Venture, and so on. Later on, we have witnessed the appearance of many new, fresh concepts in the market that combined different structures and business models.

Certain main features of "typical" accelerators have remained integrated into ideas of every upcoming accelerator, regardless of how innovative or hybrid its business model might be. These main features are:

- openness, yet competitiveness of the selection process,
- provision of pre-seed investment (exchange for equity, convertibles, or against options),
- strong focus on development,
- team orientation,
- intensive programs in terms of mentoring,
- investment roadshows,
- events and clusters of startups meant to enable a mutual exchange of ideas and know-how.

On top of that, the traditionally formulated time-limited programs (of 3-6 months) usually ask for a compensation from the startups included in the program – as a kind of kick-back from their initial investment.

Evolution of European Accelerators

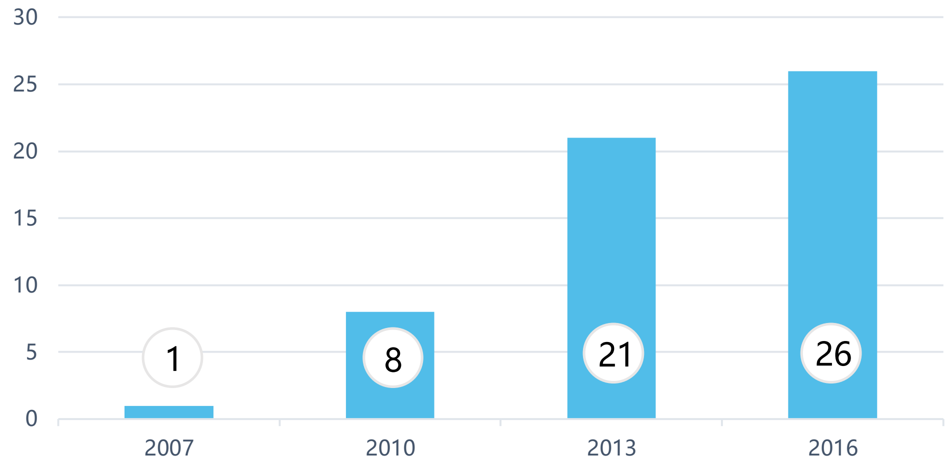
Milestones in development of European Accelerators:

- 2007 - The launch of ***Seedcamp***, officially the first European accelerator, built on principles of US "pioneer accelerator" ***Y Combinator.***

- Between 2009 and 2015, the number of European accelerators grew consistently year-over-year, as the benefits in lowering the cost of starting a business became evident. It brought the appearance of ***Startupbootcamp, LeCamping***, ***Barclays Accelerator*** and many other significant names.

- 2015-2017 - 26 accelerators were launched only in 2015, following the trend of focusing on one sector or vertical – fintech, real estate, media, and so on. This trend is often followed by different geographical preferences, so we get a system of accelerators that basically create an autonomous ecosystem. (***Startupbootcamp, FIWARE, Seedcamp,*** etc.)

No. of new European accelerators launched



Source: Venionaire Capital, 2017

European Union supports Accelerators

European accelerators are characterized by a mix of private and public funding. This year 27% of European accelerators reported either a mixed funding or a 100% public funding. It is evident, that the European Union sees a point in stimulating and funding such programs in order to get new ones on the market and speed up the overall technological development.

FIWARE Accelerator Program, which launched in 2014, is an example of a massive call to action for web entrepreneurs and all sorts of innovative startups to step up. The program was fully financed by the European Commission with € 80 million (*Source: ec.europa.eu).*

However, looking at the stats from EU, more than half of all accelerators (56%) are funded solely by private capital. The origins of capital sources of this type of accelerators are in high net worth individuals, business angels and groups, venture capital funds, and corporates. Following the traditional "cash for equity" concept, set by ***Y Combinator*** in 2005, this group of accelerators aims to earn revenue from exits, whether they happen in short or a long term.

The exits, however, usually happen (if they happen) not before 3 to 5 years into the startup's life cycle, which brings out the topic of additional revenue streams for maintaining the costly programs. Alternative revenue streams are usually mentorship fees, rents, events, and very often corporate sponsorships and partnerships.

Actually, 97% of European accelerators (according to a report by Gust in 2015) are determined to find alternative short-term revenues besides the long-term revenues from exits. The same report states that 58% of the accelerators surveyed, declared corporate partnerships as the most important revenue channel, both, in short and long term.

METHODOLOGY

Scoring Factors

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1. portfolio (or peer-startup) valuation,
2. number of startups accelerated (invested/fundraising),
3. survival rate within a year after finishing the program
4. the number of exits,
5. years of experience,
6. the pool of international mentors and partners,
7. social media reach,
8. follow-on investments (subsequent investments following the program),
9. acceptance rate (the relation between the number of those applied and accepted for the program),
10. the number of exits including the average exit size,
11. media value (mostly related to non-equity programs),
12. recurring business relations

Explanation

Analysts of Venionaire Capital ranked European accelerators by measuring relevant key performance indicators and weighting them in order to produce an overall score. Through narrative interviews with founders and accelerator managers, we found out that professional accelerator programs benchmark themselves against each other. Startups use similar metrics to evaluate if a specific program is worth applying. For thouroughly evaluating the quality of an accelerator we included soft factors such as reputation, acceptance rate, etc.

Besides our narrative interviews and surveys among alumnis, the quantitative and qualitative data has been derived from sources such as Pitchbook, CB Insights, and Gust annual European Accelerator Report. The data used for scoring also contains the effectiveness of the accelerator organization and processes, starting with funding and network, through the processes of recruiting talent and filtering to investing and support.

CONCLUSION

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With an increasing competition among accelerators in the last couple of years, programs got more specialized regarding the technology, region, or industry focus. This phenomenon is also driven to a certain extent by a rise of corporate accelerators. Motivated by keeping the pace with the innovation, rather than by financial goals at first, corporates are becoming significant players in this market. Linked to established (often global) sales and partner structures, those programs are increasingly attractive for startups. As a result of this finding, we will add the factor “specialization” to our scoring model for next year’s survey.

One example for a new corporate accelerator in Austria is the Factory 1, belonging to the international road telematics, information technology and telecommunications company Kapsch Group. Another example is the Elevator LAB by Raiffeisen Bank International AG, with a focus on FinTech startups and the CEE region. This equity-free program offers participation in kick-off boot camps, investor roadshows and a Demo Day with an investment option. In this case, the program is tightly formulated to cover the Fintech areas of Big Data Analytics, Investing, Trading Tech, Payment and Transaction, RegTech and SME Banking.

As the competitive landscape gets more crowded, accelerators tend to focus on certain verticals or industry segments. This leads to specialization of programs in certain sectors such as FinTech, CleanTech or Media. Same goes for the geographical preferences, with hubs are created according to the heat maps, later leading to entire accelerator systems.

A growing number of accelertors are turning more to strategic aspects rather than financial motives. This orientation refers mostly to corporate-driven accelerators, aimed to tackle specific research issues or help develop an ecosystem around a core technology. This trend is very noticeable on a global level as corporates are trying to keep pace with innovative new technologies.

Hot Topics to Follow

2016 showed that European accelerators had the most interest for the following verticals:

- ***IoT***
- ***SaaS***
- ***FinTech***
- ***Mobile Apps***

These are the areas that are in general expected to bring the next big thing. It is important to keep in mind, that the mobile apps vertical shows the trend of decline over the span of the last 2 years, while the further prominence can be expected in emerging markets of FinTech and especially IoT.

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We would love to hear your comments on this report! Please head over to our website for the article on European Startup Accelerators. www.venionaire.com.

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