Business Startup Innovation with a Focus on Portugal

Sandra Sick December 9, 2013

Innovation is EVERYWHERE!











But Today We Will Focus On...

- Business Startup Innovation with a focus on Portugal.
- Acceleration and incubation programs and what is happening in Portugal.
- A quick look at some very innovative companies in Portugal.
- A look at Startup funding.
- Topic discussion/Q&A.

Just Who Am I?





Quick Bio

- Born into a family of entrepreneurs.
- Degree in Business Administration/Marketing.
- Worked for and with many well-funded US startups in the past 20+ years.
- Marketing Consultant for last 10+ years.
- Interested in innovative technology and innovative teams and projects.
- An early adopter.

Connection to PT Startups

- Consultant
 - Numerous companies in Portugal
- Company Advisor/Mentor
 - o Cell2B
 - Foodzai
 - Pictastik (Brazil)
 - Vertequip
 - Whale
- Mentor
 - Seedcamp
 - Startup Exchange
 - Startup Lisboa
 - Startup Live
 - Startup Pirates Lisboa (3)
 - The Lisbon Challenge

Accelerators vs. Incubators

Both

Professional advice

Guidance

Startup phase



Highly selective, small group of startups admitted per cycle

Short/intense incubation period

Take smaller percent of startup (about 6%)

Conclude with showcase day

Business Incubators

Entrepreneurs stay between 3-5 years

Take larger percent of startup (about 20%)

Available guidance from legal, accounting, marketing, etc ...

Companies pay 25-50% less than commercial rental space

Startup Accelerators

- A relatively new, 'modern' breed of forprofit business incubator.
- They usually attract small teams through an open application process.
- They provide a select number of mostly technology companies with seed funding, mentoring, training and more, for a limited time.
- In the US, accelerators like Y Combinator and TechStars boast application acceptance rates between 1% & 3%.

How Accelerators Work

- Startup acceleration programs usually last about 3 months; some do run longer.
- Most accelerators DO NOT charge for the program but they take an equity stake in participating startup.
- Equity typically runs between 6% & 12%.
- After completing the program, startups are supposed to have used the capital, mentorship and feedback to gradually evolve into a viable business and lead to additional funding.

How to Get Into a Startup Accelerator

- 1. Take part in a pre-accelerator
- 2. Explain your idea in simple terms
- 3. Be original
- 4. Show that your product already has traction
- 5. Be realistic with your valuation
- 6. Know your market
- 7. Don't pitch via Skype
- 8. Know how to keep your audience engaged
- 9. Demo your product
- 10. Be honest
- 11. Pick a confident speaker
- 12. Try, try and try again

European Accelerators



European Accelerator Scene

- There are currently an estimated 600 accelerator programs in Europe today.
- Y Combinator was the first accelerator in Europe when it opened in March 2005.
- Seedcamp, TechStars London (formerly Springboard), Founder Institute and Startup Bootcamp are some of the biggest names in Europe.
- And now there are many corporate backed accelerators such as Wayra (Telefonica), hub:raum (Deutsche Telekom), Orange FAB (Orange).

Seedcamp – Google Campus London



"274 startups in the Campus community report successful access to funding in the last 12 months, raising an estimated £34M"

Seedcamp (London)

- Seedcamp Lisbon: Nov 2012 & Oct 2013.
- They are known for selecting that "1%"" of European Startups.
- 7 Portuguese companies funded to date:
 - Cashtag
 - Codacy
 - CrowdProcess
 - Hole 19
 - Popcorn Metrics
 - SimpleTax/Modelo 3
 - Zercatto

Portugal Accelerators

- o Beta-l
 - The Lisbon Challenge is Europe's biggest startup accelerator, promoted by Beta-i.
 - €150K in prize money.
 - Office space for 30 years!
- Portugal Ventures
- ISCTE-IUL Building Global Innovators program with MIT Portugal
- Other University Accelerators
- Other players

Incubators

- Business or startup incubators are programs designed to support the successful development of entrepreneurial companies through a wide range of support services.
- Companies can tap into the network of contacts through the incubator.
- Incubators vary in the way they deliver their services, in their org structure and in the types of startups they have in their network.

Portugal Incubators Start P Lisboa Incubadora

- State/private-funded, non-profit incubator.
- Three office buildings in Lisbon; two full and the third will start renovation in 2014.
- Houses the majority of the most promising startups in Lisbon.
- Has the highest density of any startup incubator in Europe.
- Seedcamp invested in 7 Startup Lisboa companies in the last year.
- Created 250 jobs in the last 18 months.

StartUp Lisboa is Like a Big Family!



Some Key PT Milestones

- Startup Lisboa Rua da Prata 2+ years
- Startup Lisboa 1 year
- Startup Lisboa Rua da Prata Opening in 2014
- Beta-I 3+ years
- The Lisbon Challenge (75 Companies and 150,000 Euro) September 2013
- Explorers Festival November 2013
- Silicon Valley comes to Lisbon 2011 & 2012
- Startup Pirates 3 events in Lisbon, 3 in Porto plus many other locations
- Startup Exchange Summer 2013

Innovative Portuguese Companies

Cashtag

- A free app to pay your friends in seconds via a cloud-based mobile payment network.
- Participated in The Lisbon Challenge.
- Lisbon Challenge Top 10 Winner.
- November 2013 Received funding from Seedcamp.
- <u>www.thecashtag.com</u>

Cashtag: Safe and easy!



Codacy (Formerly Quamine)

- A platform of tailor-made code patterns designed to complement your software testing.
- Codacy works by having a collection of code patterns (code analysis algorithms).
- 2012 1 of 4 companies who received an investment from Seedcamp.
- November 20, 2013 Received investment from Espirito Santo Ventures and Faber Ventures.
- Recently changed their name and launching their new product version.
- <u>www.codacy.com</u>

CrowdProcess

- Browser-powered distributed computing solution.
- Perfect timing for BIG DATA needs.
- Very innovative solution and a growing team.
- 2012 1 of 4 companies who received an investment from Seedcamp.
- <u>www.crowdprocess.com</u>

How CrowdProcess Works

How it works



Connect

CrowdProcess connects with the browsers of people that are browsing the websites that join the platform.



Process

We use a small amount of the browsers processing power without disrupting the user experience.



Results

We make processing power available to anyone with a good idea to make the future happen sooner.

Foodzai

- A community for kitchen superheroes/chefs.
- Team came together during Startup Pirates Lisbon in February 2012.
- Seedcamp 2012 startup company.
- First Portuguese company invited to the Startup pitch at LeWeb London June 2013.
- Part of Startup Bootcamp Berlin.
- Launching a new version and looking for funding.
- <u>www.foodzai.com</u>

Foodzai – Kitchen Superheroes

This week's Kitchen Superhero

See all Kitchen Superheroes



Be Nice, Make a Cake • Coimbra

Gorgeous photos? check. Seriously inspiring recipes? check. Special tips & tricks and culinary curiosity? check, check and check.

Meet Rosa, an interior designer and the super talented food blogger behind Be Nice Make a Cake. Her tiramisu recipe is out of this World awesome...maybe that's why it' called The World's Most Stunning Tiramisu.



Dishes

12

104 Favourites

Hole 19

- An app to visualize your golf analytics.
- They have mapped thousands of courses.
 - 100 and growing in Portugal
- Book golf times and golf partners.
- Seedcamp 2012 startup company.
- 2012 1 of 4 companies who received an investment from Seedcamp.
- 2013 Received substantial funding for additional sources.
- www.hole19golf.com

Inpakt

- A social responsibility hub that brings together volunteers, donors, nonprofits, socially aware firms and institutions for good causes.
- They help non-profits grow.
- Received funding from a Silicon Valley company.
- In the news ALL the time lately.
- <u>www.inpakt.com</u>

Inpakt in the News



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"Quis desenvolver uma rede social para mudar o mundo"

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Limetree

- A cool app where you gather moments of your children's lives to be delivered to them one day.
- Large user base and customers around the globe.
- Launched in the US in February 2013.
- Seedcamp 2012 startup company.
- Part of the Propeller Venture Accelerator (Ireland).
- Top 10 Lisbon Challene Startup Company
 Pitched in NYC and Brazil

• <u>www.limetr.ee/br/home</u>

Popcorn Metric

- Analytics integration with extensive customer insights.
- Easy to use and no coding required.
- Participated in The Lisbon Challenge.
- Pitched at Seedcamp Berlin November 2013.
- Received funding from Seedcamp in November 2013.

Prodsmart

- Cost efficient analytics for production lines.
- Their solution helps factories in the manufacturing industry measure their work, increase productivity and save money.
- Part of Startup Lisboa.
- Seedcamp 2012 startup company.
- Pitched at Lisbon's Demo Day in September 2013.
- Have sales and growing.
- <u>http://prodsmart.com/en</u>

Shipizy

- A trusted community marketplace that connects travelers with people that have shipping needs anywhere in the world.
- Initial team came together at a Startup Pirates event.
- Lisbon '10 Startups to Watch' by Startup Groovy.
- Pitched at Lisbon's Demo Day in September 2013.
- The company has a very disruptive idea.
- www.shipizy.com

How Shipizy Works





SimpleTax/Modelo 3

- An online tax solution with nearly 100,000 users in Portugal and the UK.
- Now working out of the UK full-time.
- 2012 1 of 4 companies who received an investment from Seedcamp.
- 2013 Received added funding for additional sources.

• <u>www.gosimpletax.com</u>
TalkDesk

- An all-in-one, browser-based call center software for sales, support and marketing.
- Offices in Lisbon and Silicon Valley.
- Was 1 of 34 companies to be invited to take part in the 500 Startups Accelerator program.
- Raised a substantial amount of money to date.
- They have a growing user base.
- <u>www.talkdesk.com</u>

Vertequip

- Designed and manufactured a complete life of equipment used in vertical works such as painting and maintaining high buildings.
- Has their own manufacturing plant in Portugal.
- Building out an international distribution network.
- Lisbon Challenge 2013 Top 10 company.
 Pitched in the US, Brazil and London
- <u>www.vertequip.com</u>

Vertequip STEP System



UniPlaces

- They are on a mission to organize the world of student accommodation.
- The safe and easy way to find student housing.
- Winner of numerous pitches and awards.
- Over 6000 listings in London alone and growing!
- November 2013 raised over £700,000 of seed funding led by Octopus Investments and two influential angel investors.
- <u>www.uniplaces.com</u>

How Does Uniplaces Work?



If we cannot confirm your booking, we will **refund** you at no cost.

Whale

- Sonnar, their product, effectively manages the social audience and provides a better level of service and understanding.
- A competitive tool for brands and ad agencies.
- The Lisbon Challenge top 10 winner.
- Keep an eye on this company.
- <u>www.whalelabs.com</u>

Zaask

- Easy to use site to find workers for special home projects or to find work.
- A Startup Lisboa company.
- Seedcamp 2012 startup company.
- Launched an outdoor advertising campaign in 2013.
- 44,000 likes on Facebook and a strong social media presence.
- <u>www.zaask.com</u>

Zercatto

- An online platform that solves the challenge of investors looking for better performances in the financial market, while maintaining the total safety and full privacy of their current bank or broker.
- Part of The Lisbon Challenge.
- November 2013 Received funding from Seedcamp.
- <u>www.zercatto.com</u>



* You do not know the investor, just their trades.

9 Portuguese Success Stories

9 casos de sucesso

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The Financial Story

Success and failures
Exits vs IPO
The current Top 10
Sources of funding

Not all Innovative Companies Succeed

A recent study by Allmand Law found that more than 90% of all startups fail. - February 2013

The Holy Grail – The Exit

- A successful exit
 - Going public vs. getting acquired
- The number of startups that have gone public in the US over the past decade is down about 75% from the previous decade, to about 10% of startup exits.
- Today, 8 times as many successful startups are acquired, as compared to the number attempting to go public.
- In China and India the statistics are reversed.

The New Reality

The 25 tech companies with the most funding are in no rush to IPO!

A Look at the Top 10

• JD.com (formerly 360buy.com), China: \$1.2 billion.

- Largest online consumer retailer in China. Founded: 1998.
- SurveyMonkey, Palo Alto: \$965 million.
 - World's largest online survey company. Founded: 1999.
- Living Social, Washington, D.C. : \$924 million.
 - Group buying deals website. Founded: 2007.
- Sina Weibo, China: \$586 million.
 - Chinese micro-blogging platform. Founded: 2009.
- Pinterest, San Francisco: \$562 million.
 - Social photo sharing through inboards. Founded: 2009.

A Look at the Top 10 (Pt 2)

- Flipkart, India: \$540 million.
 - Indian online shopping site. Founded: 2007.
- Palantir Tech, Palo Alto: \$497 million.
 - Solving hard problems with Big Data. Founded: 2004.
- SoFi, San Francisco: \$482 million.
 - School specific student loan funds. Founded: 2011.
- Deem (formerly Rearden Commerce), San Francisco: \$452 million.
 - B2B commerce-as-a-service. Founded: 2000.
- Jawbone, San Francisco: \$403 million.
 - High technology hardware product maker. Founded: 1999.

Sources of Funding

Biggest source of funding for most startups is actually surprising.

Want to guess the #1 source for startup funding???

Funding

- In the US, 565,000 startups launch each month.
- These startups will then raise around \$78,406 each.
- That means there is about \$531 billion worth of startup capital flying around each year.
- Only \$22 billion of that comes from those rich dudes sitting on Sandhill Road. <.05%>
- Angel investors, those well-off individuals who like to get in early on a company, only make up around \$20 billion. <.91%>

So...

- Founders invest \$185.5 billion annually from their own pockets to fund these budding companies. <57%>
- But if you're looking for something external, it seems friends and family are the most generous. Their cash makes up about \$60 billion worth of yearly startup capital. Way more than VC's and Angel investors. <38%>
- The balance of the funding comes from banks (1.43%) and crowdfunding.
- Crowdfunding is the fasting growing source of raising funds. 1 million campaigns so far!

Startup Sources

- Top Business Magazines (online magazines)
 - Entrepreneur
 - Fast Company
 - Forbes
 - Harvard Business Review
 - Inc
- AngelList
- CNET
- F6s.com
- Huffington Post
- Mashable
- Silicon Alley
- TechCrunch
- Tech.eu (new and long-form with a focus on Europe)
- The Next Web
- Venture Village
- Zite

Startup Pirates Lisboa

• 4th edition Feb 8-15th 2014
• <u>http://lisboa.startuppirates.org</u>

2014 Predictions

- The European press will start to cover Portuguese startups in more detail.
- Seedcamp will return and fund additional companies.
- More local investment money will start moving into this ecosystem.
- The 3rd Startup Lisboa office will fill up fast.

Closing

"Exploration is the engine that drives innovation. Innovation drives economic growth. So let's all go exploring." -- Edith Widder*

*American oceanographer, marine biologist and CEO

Question and Answer Session.

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