



PORTUGAL'S START-UP APPEAL GOES FAR BEYOND SUBSIDIES AND SUMMITS

MV Conversations with João Macedo de Vitorino

With Lisbon touted as one of Europe's Top 5 Start-Up Hubs, MV Conversations looks at the realities of Portugal's Start-Up ecosystem and its true potential going forwards.

'Start-up' is a recent buzzword in Portugal. For the past few years, from the Government to the co-working spaces, people are embracing entrepreneurship and working towards living up to the hype of being one of the most promising innovation ecosystems in the world.

With Lisbon having recently hosted the Web Summit for the 4th consecutive year, bringing together investors and start-ups from around the world, the buzzword is again on the tips of everyone's tongues.

One cannot forget, however, that the Portuguese start-up scene is still in its own incubation period, and for all the noise and attention we are yet to catch up to other hubs such as London, Berlin or Amsterdam, says João Macedo de Vitorino. Having got through the 'seed stage' and embracing its position in the 'early stage', Portugal's 'growth stage' is yet to be conquered. "For this, one needs to look beyond a reliance on public funds and incentives, and follow the lead of other markets, as well as promoting and capitalising on the country's traits that make it unique and conducive to a start-up ecosystem."

Subsidies and Summits

In a bid to put Portugal on the start-up map, recent years have seen the Government drive through numerous initiatives and incentives to boost the start-up ecosystem and promote sustainable economic growth, innovation and opportunities. From a €200m venture capital fund aimed at boosting foreign investment in start-ups, StartUp Portugal (with over 20 initiatives for attracting new investment, talent and innovation) to a StartUp Visa for foreign entrepreneurs and tax incentives for non or new residents.

With over 70,000 attendees, the Web Summit has been a boost to various aspects of this country's economy, such as tourism, and also created a demand for supporting facilities including incubators and accelerators.

Drawing investor attention to Portugal in any format is welcome, says João Macedo de Vitorino, whether via attractive initiatives, monetary benefits or events. But one needs to take these subsidies and summits with a pinch of salt, he adds. Many subsidies have a limited lifetime and an array of conditions that are very difficult to fulfil, while the Summit itself lasts four days and what we need is to ensure that our ecosystem continues to attract ideas and investment for the rest of the year. "For that we need to promote the infrastructure we have in place to support it and the traits of our country and people – why Portugal is the right place to start up and invest."

Market lessons

Looking to other markets that have started using similar public structures and subsidies to fund their start-up ecosystems, explains João Macedo de Vitorino, in the end you are attracting all kinds of ideas and paying for ideas which are not, or may not be successful when viewed from a market perspective. "If you look at the figures of the investments that were made in France this way, there were some tax



companies founded and jobs created, but those jobs and those companies might have found better ways of existing and in a less costly way than by using public funds.”

If we look to the US, Germany or UK, these are of course far more dynamic markets, he says. “And their eco-systems have adapted. Big corporations have their own ideas and take their ideas to market, and they have started attracting entrepreneurs because they realize that it’s much less expensive to invest in potentially good ideas than to have to buy them afterwards for a great deal of money. So the market itself created this thirst for new ideas and an environment that is favourable to seek and grow ideas from people who would not otherwise have the means to do it.”

These markets create solutions to cover gaps, such as corporations making their own labs, venture capital increasing and investing in diverse risks so they can invest more. “It’s one thing trying to put ideas in people’s minds or incentivising people to do things that they otherwise would not do,” explains João Macedo de Vitorino. “It is quite another to have a market where everyone is trying to succeed, sell their own ideas and invest in others.”

That is what the goal should be for Portugal, he adds. Ensuring the environment here is such that the market goes from publicly funded to a more self-sustaining one.

The Portuguese advantages

As the digital world tends to be focused on universal products, these days there are no frontiers for the digital economy. So you can really start anywhere, says João Macedo de Vitorino. “The key is to find an environment that supports your start-up, both the place and the people.”

He highlights the fact that the digital economy requires people that are open- and internationally-minded, free thinkers and flexible, who can move from idea to idea and adapt quickly and painlessly. “These are all Portuguese qualities that I believe make us more naturally capable to succeed in the digital world as we have in traditional commerce. It’s our natural way of being as a country and as a people, and if you do things against your own nature it becomes much harder. Working with a people who already possess these traits in their DNA is a distinct advantage.”

Portugal also benefits from having a very qualified and skilled work force of multi-lingual talent, and we are seeing this focus on our talent with big business establishing bases in Lisbon for their European operations, says João Macedo de Vitorino. Mercedes for example – and others who are especially taking advantage of Portugal’s young tech talent.

The country is also investing in infrastructure to support the start-up ecosystem with hubs opening across the country, such as the Beato Creative Hub, a large-scale incubator in the north of Lisbon for start-ups and other tech businesses, including the Daimler-Mercedes research centre. “And it is precisely this type of infrastructure, coupled with the people behind it, that will strengthen the foundations of our start-up ecosystem,” he says.

Additionally, with political uncertainty prevailing around Europe - Brexit being a case in point, this is a definite concern for any potential investors or entrepreneurs. Portugal’s stable political climate without a doubt plays a part in amplifying its attractiveness, says João Macedo de Vitorino.



“We have made great strides in getting Portugal on the start-up map, and while subsidies and summits are a good first step for Portugal’s start-up ecosystem, we now need to take this a step further,” he says. “We must look past exclusively publicly-supported environment and ensure that the Portuguese ecosystem is an attractive marketplace of ideas and investment with the necessary infrastructure to support it for years to come.”

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