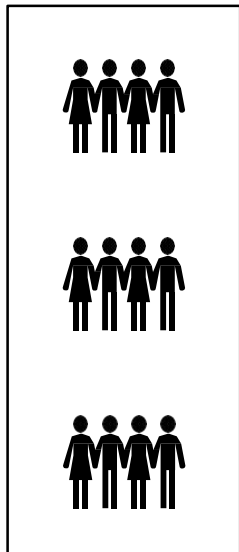# Technology Startup Ecosystem As Policy Focus

WHERE SHOULD BE THE POLICY FOCUS? FOUR CORE ELEMENTS OF ECOSYSTEMS

Skills

Pool of Talent

Teams' talent pool

Supporting Infra.
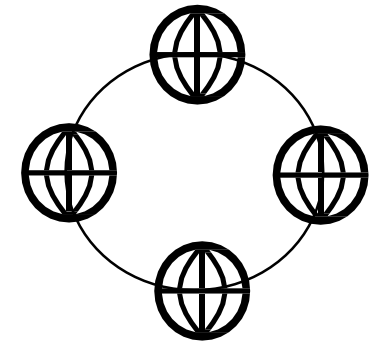
Mentors

Accelerators, Incubators, Other.

Funding

Seed Funding

Scale-up Funding

Community

Social capital

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POLICY SUPPORT HAS BEEN CRITICAL IN CREATING LEADING TECHNOLOGY STARTUP ECOSYSTEMS

- Strategic policy programs have supported the creation leading startup ecosystems (e.g., Israel, Stockholm, New York City)

- Many of these ecosystems lacked essential elements to create successful technology startup ecosystems (e.g., investment, talent)

- Public policy served to catalyze attraction and retention of private sector resources (e.g., funding), talent, and supporting infrastructure, and to create a community of local startups.

CITY CASE STUDY: NEW YORK CITY, USA

Second Largest Ecosystem in the World

VC: USD 2B (2010) → >USD 13B (2017)
Unicorns: None (2010) → >15 (2017)
Tech Jobs: 58,000 (2013) → > 300,000 (2017)

Strategic Policy Support Program (2008 -> 2019)

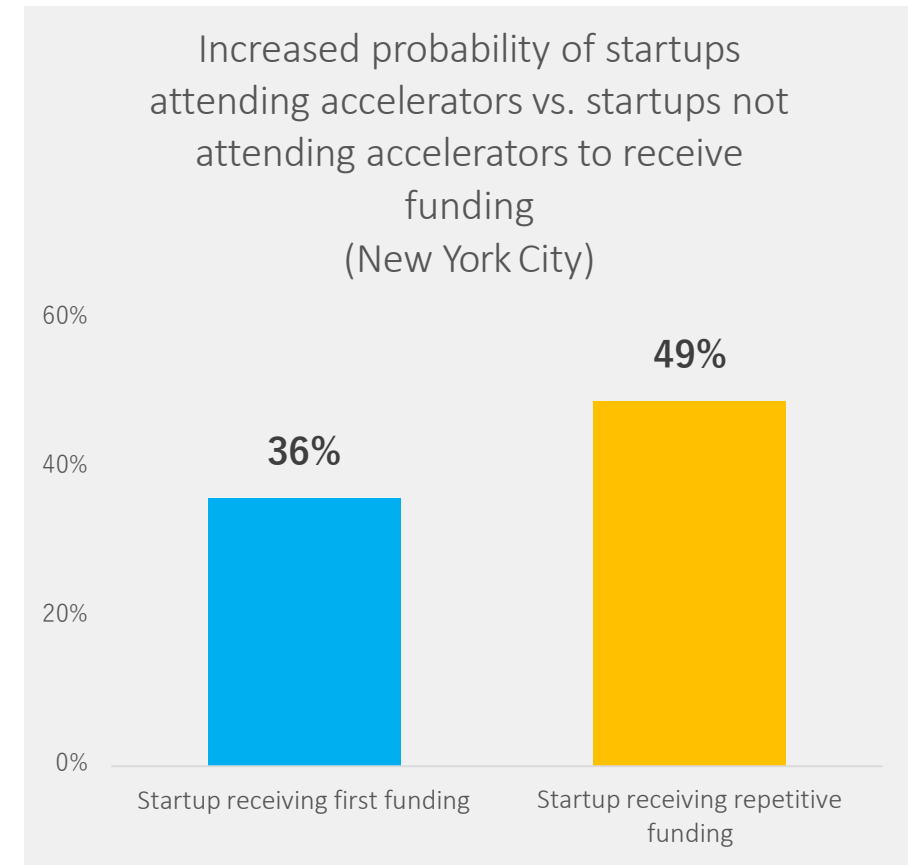VC: Seed Funding catalyzation program

Talent: Creation of tech leading campus and network of bootcamps

Space and Support Infrastructure: Network of co-working spaces and accelerators

Community and culture: Promotion campaigns, events and competitions

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1. ACCELERATOR AND MENTORS: THE CRITICAL SUPPORT INFRASTRUCTURE FOR ECOSYSTEM GROWTH AND SCALE-UP

- Accelerator programs have a positive and significant impact at connecting early-stage startups with funding

- Together with mentors with founding experience, they are the most significant support programs to drive startup success at local ecosystem level

- However, accelerators are not a silver bullet solution: they require quality startup pipeline, experienced mentors and well-connected networks that provide access to top advice and gatekeepers.

Increased probability of startups attending accelerators vs. startups not attending accelerators to receive funding
(New York City)

49%

36%

60%

40%

20%

0%

Startup receiving first funding

Startup receiving repetitive funding

TOP ACCELERATORS HAVE SIGNIFICANT IMPACT ON STARTUPS AND ECOSYSTEMS THEY OPERATE IN

World-leading accelerators have significant impact in startup success, speeding up access to follow-up funding and connecting startups to top networks of talent and funding to scale globally.

EXAMPLES OF LEADING ACCELERATOR PROGRAMS

Accelerator	Ratio of startups achieving follow-up investment >$750K	Median follow-up investment	Number of Unicorns/$1B Exits graduated from program (2018)	Examples of unicorns graduated from program
Y Combinator	40%	$3.5 M	14	Airbnb, Dropbox, Instacart
500 startups	40%	$2.3 M	10	Twilio, Grab, Revolution Precrafted
techstars	48%	$3.0 M	2*	SendGrid, PillPack

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TOP ECOSYSTEMS' ACCELERATOR SUPPORT POLICIES

- Support policies focus on catalyzation of private sector accelerators and increase of quality of local accelerators

- Funding is used as an incentive for quality improvement and attraction of top-international accelerators

- Management of accelerators is conducted by private sector

- International accelerators are leveraged to increase quality of domestic accelerators

- Accelerators are also applied to catalyze technology-specialized clusters and scale-up / internationalization of startups

CASE STUDY: ACCELERATOR SUPPORT POLICIES

Israel, Finland and Singapore fund startup companies attending qualified accelerators (EoI process). Operational costs of accelerators may also be provided. Main goals are to catalyze private sector accelerators and increase accelerator's management and support quality.

Sweden provides support to the accelerator ladder though three levels:

- Pre-accelerator
- Basic Accelerator
- Quality Accelerator

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