

MAPPING SPAIN'S TECH SECTOR

A Network Analysis of the Entrepreneurship Community

WITH SUPPORT FROM:

Google for Startups

RESEARCH BY:

endeavor
INSIGHT

IN COLLABORATION WITH:



ABOUT ENDEAVOR INSIGHT

[Endeavor Insight](#) is the research division of Endeavor that provides data-driven analysis and visualizations showing what makes entrepreneurial ecosystems thrive. Our research team of economists, data scientists, and policy analysts specializes in understanding the needs of high-impact entrepreneurs and evaluating the networks that enable them to scale up and pay it forward to the next generation of entrepreneurs.

The methodology utilized in this study builds on previous Endeavor Insight research supported by the Omidyar Network, the Kauffman Foundation, and the Heron Foundation.

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SPECIAL THANKS

The authors of this report would like to thank their colleagues at Endeavor including Valerie Drasche-Wartinberg, Luisa Fajardo, Adrián García-Aranyos, Antonio Iglesias, Dustin Poh, Linda Rottenberg, Paloma Vila, as well as staff at Google for Startups including Sofía Benjumea, Tamara Lucas, and Marcos Guasp Teschendorff. The following representatives also provided valuable input: César Tello and Miguel Ferrer of Adigital, and José Zudaire and Ángela Alférez of SPAINCAP.

THIS RESEARCH WAS MADE POSSIBLE BY FUNDING FROM GOOGLE FOR STARTUPS

[Google for Startups](#) works to level the playing field for startup founders and communities to succeed. We do this by bringing the best of Google's products, connections, and best practices to startups through our global network of partners, at our Google for Startups Campus spaces, and online at [startup.google.com](#). Paired with a deep commitment to create diverse startup communities, many of our offerings are designed specifically to provide underrepresented founders with access to resources and opportunities.

Google for Startups arrived in Spain in 2015 on a mission to support the thriving, diverse, and inclusive Spanish startup community. With Google and external advisors, inspiring energy, and lots of fellow founders, Google for Startups Campus Madrid offers a great place to get things done, take a break to network, collaborate with like-minded people, or bring companies to the next level. Google for Startups Spain designs hybrid programs, like Growth Academy, to support startup founders with essential growth skills and internationalization strategies for their companies. Each program includes a combination of workshops, mentoring sessions, and networking, where Google teams and external industry experts will support startups with their growth strategies.

THIS PROJECT WAS CREATED IN COLLABORATION WITH SPAINCAP AND ADIGITAL

[SPAINCAP](#) (formerly ASCRI) is the association that brings together venture capital and private equity firms in Spain, as well as their investors, including insurance companies and pension funds. The members of SPAINCAP make mid- to long-term investments in unlisted companies, from startups to consolidated companies, providing not only stable financing through equity, but also innovation and management support. The Association's mission is to connect the players in the industry in Spain, representing their interests before the government, media and public opinion, both nationally and internationally, through alliances and synergies in Europe and Latin America. Its objectives include establishing an appropriate regulatory framework for the sector, communicating the positive impact of its activities on the industrial fabric and job creation, and promoting sustainability. Started in 1986, it spreads and ensures the professional standards among its members: transparency, good governance, and best practices.

The Spanish Association for the Digital Economy ([Adigital](#)) is a non-profit organization representing over 500 tech and digital companies in the country, including startups, scale-ups, IBEX corporates, and the big-tech companies. The association has a wide policy and regulatory agenda bearing in mind the variety of regulations promoted by public organizations and their impact on startups, scale-ups and big corporations operating in the tech and the digital economy. We collaborate closely with the public and private sectors in order to promote and develop the Spanish and the European economies as a way to build a more competitive, sustainable, and rich society based in entrepreneurship, technology, and innovation.

Table of Contents

EXECUTIVE SUMMARY	4
CONTEXT	6
The entrepreneurial tech sector is an engine for economic recovery in Spain.	
OPPORTUNITY	10
Spain has the opportunity to do more to become a more inclusive and globally competitive home for entrepreneurship.	
NETWORK ANALYSIS	16
Social network analysis is a technique to visualize the connections in the country's tech ecosystem.	
MULTIPLIER EFFECTS	22
These examples demonstrate how a single company can have a significant impact when founders pay it forward.	
FOUNDER CHALLENGES	26
Endeavor Insight interviewed more than 100 founders about the challenges they faced when growing their businesses.	
SUPPORT SYSTEMS	32
Local support organizations, investors, and universities are key actors in the entrepreneurship community.	
REGIONAL ANALYSIS	42
Spain's entrepreneurial activity is concentrated in Madrid and Catalonia, but interregional connectivity is important to the country's ecosystem.	
RECOMMENDATIONS	48
Endeavor Insight offers practical strategies that decision makers can use to help more tech founders reach scale.	
GLOSSARY	56
METHODOLOGY	58
ENDNOTES	60

Executive Summary

Endeavor Insight partnered with Endeavor Spain and Google for Startups to study the entrepreneurship ecosystem for tech companies in Spain. The purpose of the study is to provide insights on the sector's current state, evaluate its strengths and weaknesses, and enable decision makers to better understand and support local tech entrepreneurship.

ABOUT THE DATA

The findings are based on more than 100 interviews with local tech entrepreneurs between December 2021 and February 2022, and data on more than 715 companies and their founders. In addition, data was collected on 450 support organizations, investors, and mentors that support the local tech community.

WHEN ECONOMIES TURN DOWN, ENTREPRENEURS TURN UP.

The entrepreneurial tech sector in Spain is an engine for economic recovery. Following the 2008/09 Financial Crisis, the number of new tech companies more than doubled. Today, Spain's tech companies are securing substantial funding rounds and achieving unicorn status. COVID-19 jolted the economy, but entrepreneurs responded once again and new companies launched since 2020 have scaled rapidly.

FACED WITH NEW ECONOMIC UNCERTAINTY, SPAIN MUST DO MORE TO BECOME A MORE INCLUSIVE AND GLOBALLY COMPETITIVE HOME FOR ENTREPRENEURSHIP.

Focusing on the businesses that grow rapidly to 50 or more employees will do the most for the economy because of their potential to generate jobs, but more can be done to help companies achieve scale faster. The Startup Law is a solid start for early stage companies, but does not go far enough to support the needs of companies at later stages.

The percentage of tech companies in Spain with at least one female founder

has been shrinking and women often face more barriers in growing their companies. Decision makers should help improve support for female-led companies. In addition, public support and universities can play an important role in encouraging entrepreneurship as a career path, especially among underrepresented groups.

WHEN SUCCESSFUL FOUNDERS PROVIDE SUPPORT TO OTHER FOUNDERS, THE ECOSYSTEM THRIVES.

Two important lessons emerged by further examining the connections among entrepreneurs:

1. Most tech founders have positive perspectives on the entrepreneurship community.
2. Scaled companies are more likely to have founders who received support from other tech founders compared to companies that did not scale.

Cabify and Glovo demonstrate the multiplier effect that successful founders can have on the ecosystem by providing mentorship, angel investment, and employment to people who go on to found their own spinout companies.

UNDERSTANDING HOW FOUNDERS OVERCOME BARRIERS CAN HELP DECISION MAKERS BETTER SUPPORT MORE COMPANIES.

More than 60 percent of interviewed founders reported access to technical and managerial talent as a major impediment to growing their businesses. Other major challenges included government regulations and legislation, as well as access to capital. Decision makers should lower barriers for local companies to be sure Spain does not fall further behind other major European tech hubs.

EXISTING SUPPORT PROGRAMS OFFER SEVERAL BENEFITS, AND MORE FORMALIZED MENTORSHIP AMONG FOUNDERS CAN HELP STRENGTHEN THE ECOSYSTEM.

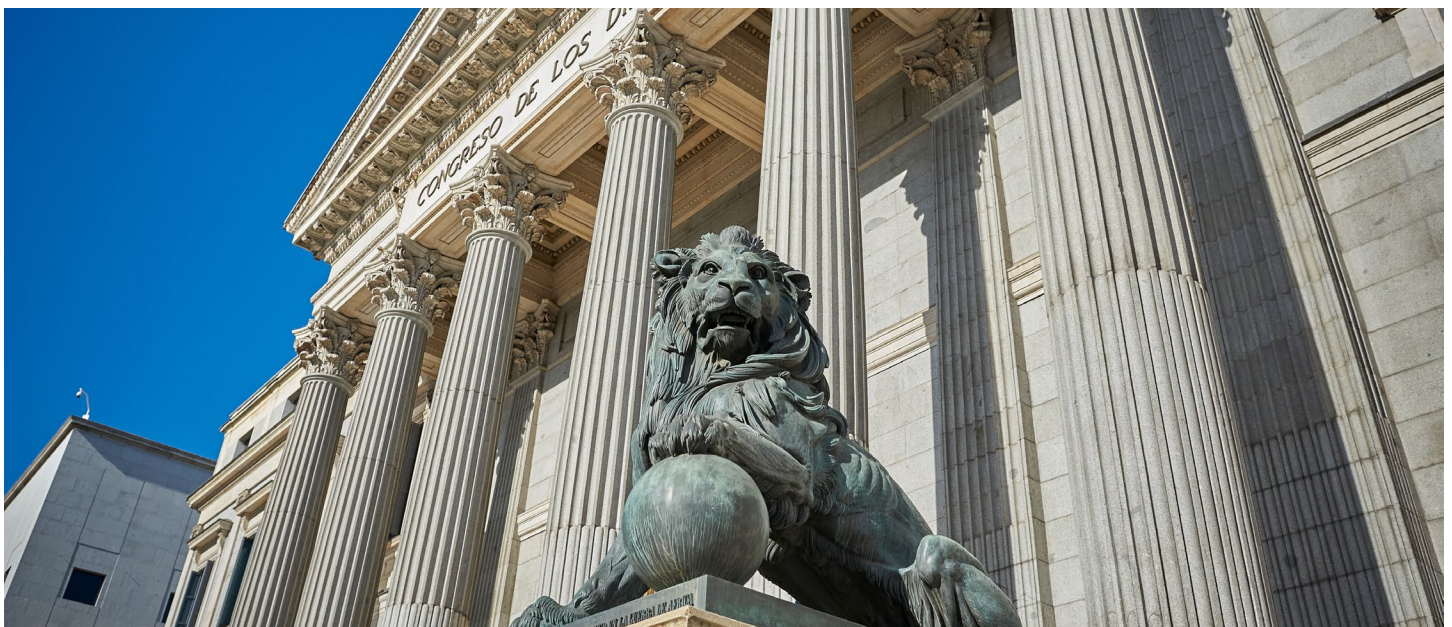
Spain is fortunate to have several public and private support programs offering a range of services, where peer-to-peer learning and tailored curricula are valued most by founders. Informal mentorship is common, but more robust global connections and participation from successful local founders will help the ecosystem grow. Founder-led initiatives are on the rise, with the formation in 2022 of a group of scaled companies, EsTech. International tech companies can help founders with products and talent acquisition.

INTERREGIONAL CONNECTIVITY IS IMPORTANT FOR THE DEVELOPMENT OF THE ECOSYSTEM.

Madrid and Catalonia are the two hubs with the greatest concentration of entrepreneurial tech companies. The exchange of resources throughout the country has helped the tech sector grow, with even more scaled companies coming from Valencia and Madrid in recent years. Madrid and the Basque Country offer more support to other regions than they receive, while Andalusia and Valencia absorb more from other regions than they provide.

DECISION MAKERS IN SPAIN SHOULD WORK TO ALIGN THEIR EFFORTS AROUND THE NEEDS OF FOUNDERS AND TAKE ACTION TO LOWER BARRIERS FOR THE MOST PROMISING COMPANIES.

Endeavor's principles for self-propelling ecosystem development can serve as a guide for decision makers. This study also outlines specific actions for policymakers, public institutions, support organizations, venture capital firms, international tech companies, and entrepreneurs.



WHEN ECONOMIES TURN DOWN, ENTREPRENEURS TURN UP.

Spain is home to a thriving entrepreneurship ecosystem.

Notable successes among entrepreneurial companies in Spain have grown rapidly in recent years. By 2021, seven companies had achieved unicorn status (valuations in excess of \$1 billion), and three more had reached a unicorn valuation by mid-2022. The total number of Spanish unicorns is expected to double by the end of 2023.¹ Cumulative investment in Spanish startups is rising, with over \$4 billion secured in 2021.²

Among these successes have been specialized tech companies that are developing innovations and breaking barriers. Some of the largest funding rounds of 2021 were raised by Madrid-based **Jobandtalent**, a workforce-as-a-service platform which was founded in 2009 by Felipe Navío and Juan Urdiales. The company has raised around \$1.3 billion and employs more than 1,500 people.³ Although based in Spain, it has an international impact with its largest market in terms of clients in

the United Kingdom, and it has a growing reach in Europe and Latin America.⁴ Since early 2022, Jobandtalent has also focused on the United States, using a December 2021 \$500 million funding round to launch and grow the platform there.⁵

Idealista, a real estate website founded in Madrid in 2000, also achieved

unicorn status following two funding rounds totaling €425 million in early 2021.⁶ **Fever** is a live-entertainment discovery tech platform with presence in more than 100 major cities across the globe. In recent years, the company has had strong revenue growth even during the pandemic. Their most recent investment round in December of 2021 was led by Goldman Sachs and brought the company to a \$1 billion valuation.⁷ In early 2022, **TravelPerk**, an online platform providing services for business travelers, also achieved unicorn status following a funding round of €100 million.⁸ **Wallbox**, which manufactures home charging systems for electric vehicles, was founded in Barcelona in 2015 by Enric Asunción and Eduard Castañeda. The company had an international focus from the start, which has helped it expand rapidly to 900 employees by the end of 2021. In October 2021 it became the first Spanish tech entrepreneurial company to go public via a special-purpose acquisition company (SPAC), valuing the company at \$1.5 billion.⁹

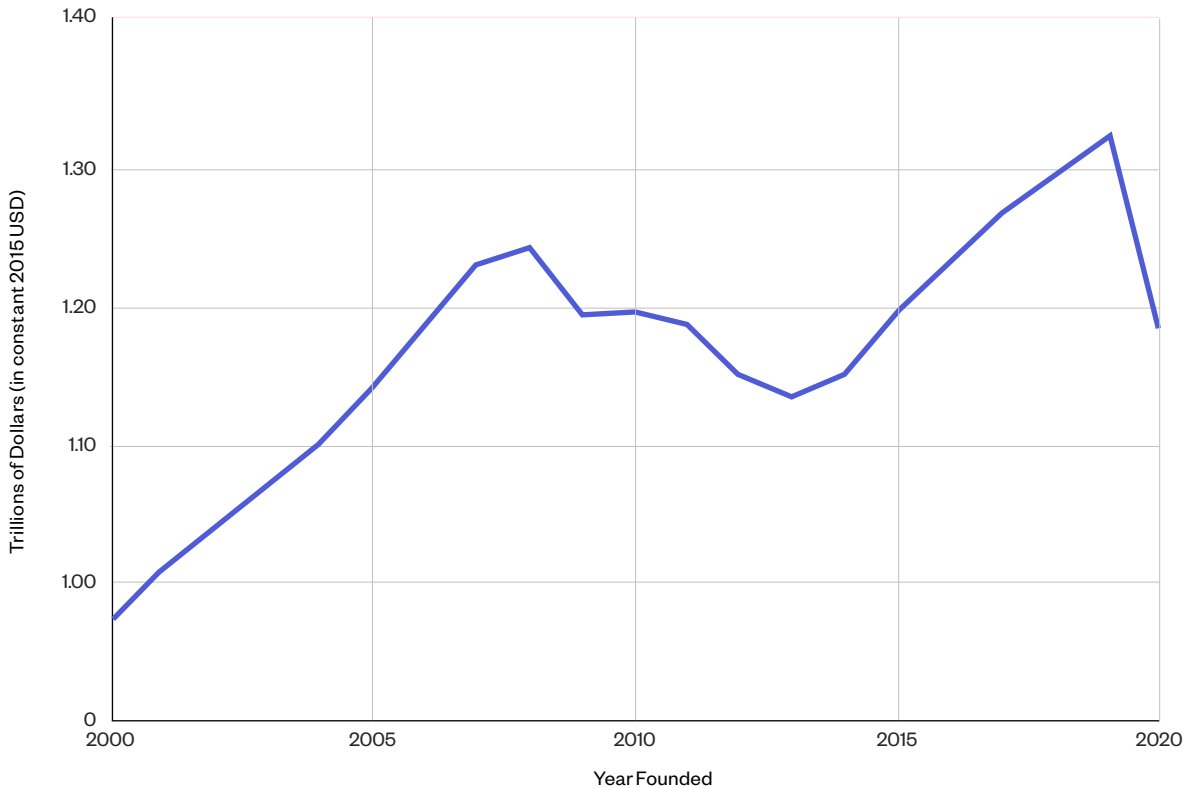
The 2008 Financial Crisis demonstrated the importance of entrepreneurs as engines of economic recovery.

The 2008 Financial Crisis severely affected the Spanish economy. Between 2008 and 2013 the economy shrank by more than 8.5 percent, as illustrated in the decline in GDP on the following page. Substantial net emigration followed, with the population falling by almost 400,000 between 2012 and 2016.¹⁰ The government imposed cuts to public sector spending, and with unemployment rising sharply, entrepreneurship became for many a



Pictured: Felipe Navío and Juan Urdiales (Jobandtalent)

GROSS DOMESTIC PRODUCT IN SPAIN OVER TIME



Sources: World Bank national accounts data, and OECD National Accounts data files.

solution sparked by necessity. During that recessionary period, Spain's tech sector added more than 200 companies, with those companies going on to create more than 13,000 jobs.¹¹

The graph on page 8 provides a visualization of the strong growth in Spanish tech entrepreneurship following the Financial Crisis. Endeavor Insight's dataset shows that the number of entrepreneurial tech companies in the country more than doubled in the six years following the onset of the crisis. The fastest growing sub-sectors during this period were healthtech, fintech, and e-commerce. Nearly 75 percent of the tech companies operating today in Spain have been founded since 2009.

The entrepreneurial tech sector more than doubled during the recession.

A loss of trust in traditional banking, the emergence of new technologies, and a tech-savvy population laid the grounds for fintech to emerge strongly from the crisis. Within the fintech space, two notable companies that were founded during the period are Fintonic and Kantox.

Founded in the middle of the recession in 2011 by Sergio Chalbaud and Lupina Iturriaga, **Fintonic** provides people with the means to organize their accounts and save money, a use of technology that quickly proved popular at a time of financial uncertainty. By 2022 it employed over 140 people and had expanded operations to Chile and Mexico. **Kantox**, which provides currency management automation software, was founded in 2011 by Philippe Gelis, Toni Rami, and John Carbajal. Gelis's experience working in Deloitte in the aftermath of the Financial Crisis had led him to see an opportunity. As Gelis says, "It was clear that we were going to see a lot of disruption and digitization in financial services, and FX was one of them. We were comfortable with FX, so we decided to resign and give it a try."¹² Almost all of its 150 employees are in Spain covering European markets. The company has grown to serve corporate clients in more than 70 countries, and it has made foreign currency exchanges of more than \$15 billion.¹³

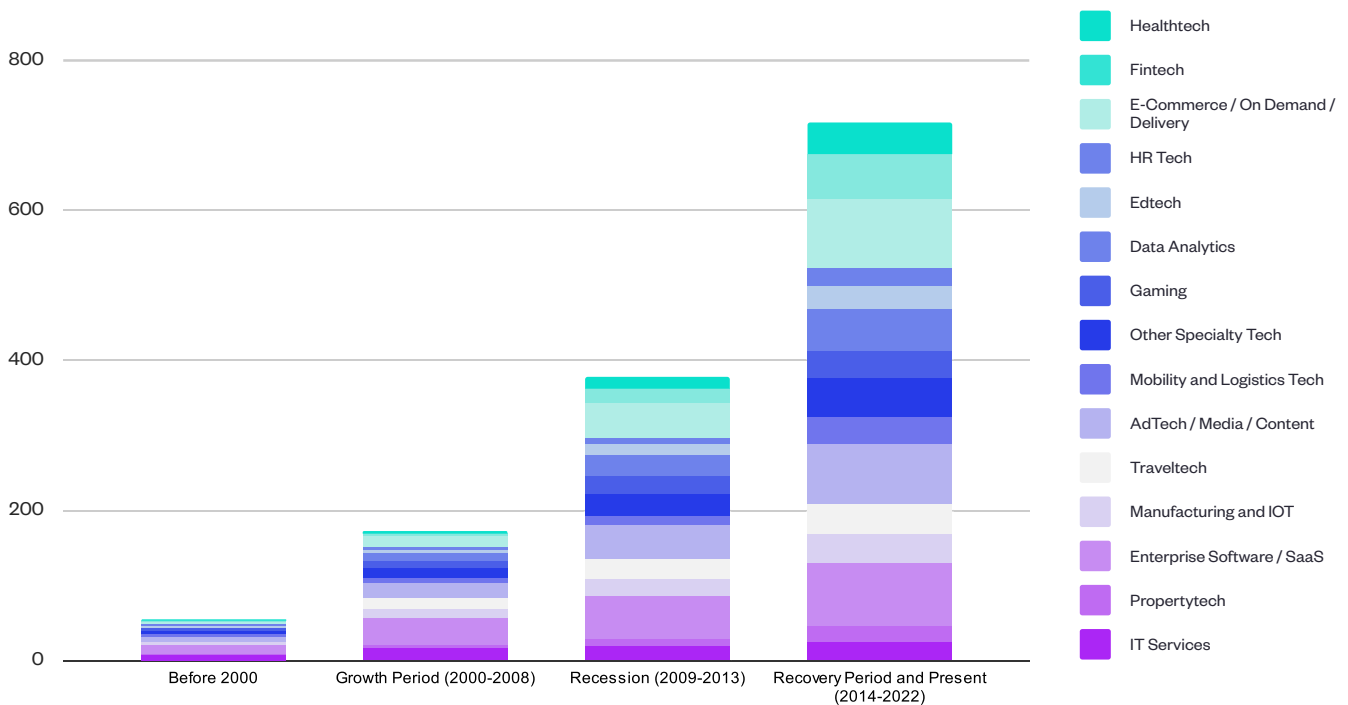
Two successful e-commerce companies that grew out of the recession were also able to tap into the financial uncertainty of the time, emphasizing thrift and savings. **Wallapop** is a local marketplace for trading second-hand goods. Founded in Barcelona in 2013 by a three-person team, Wallapop engineered an innovative “media for equity” agreement with Atresmedia, which enabled the company to market itself strongly and rapidly grow a presence in cities throughout Spain.¹⁴ It appears close to gaining unicorn status,¹⁵ and by 2021 had over 300 employees, with more than 15 million users having traded over 180 million products.¹⁶

Percentil was founded in 2012 by Lourdes Ferrer, Daniel Bezares, and Luis Ongil as a second-hand marketplace for children’s clothes, but quickly included men’s and women’s clothing too. As the CEO Ferrer

explains, “We were going through a hard economic time in Spain and even though there was not a huge culture of buying sustainably, there was a need to buy cheap.” The company has been present almost since the beginning in Spain, France, and Germany and — following an acquisition — is getting stronger in this last market.

Several healthtech companies were founded in the wake of the Financial Crisis, among them **Top Doctors**, a Barcelona-based online platform for booking e-consultations with private specialists. It was founded in 2013 by Alberto Porciani and Lorena Bassas Vivó, and has expanded to nine countries in Europe, the Middle East, and the Americas, with 90,000 doctors from around the world signed up to the platform and providing 2.3 million consultations annually.¹⁷

CUMULATIVE GROWTH OF ENTREPRENEURIAL TECH COMPANIES BY FASTEST GROWING SUBSECTOR DURING THE RECESSION



Notes: Based on 678 companies, where data was available. “Other Specialty Tech” includes groups with fewer than 20 companies including agtech, artificial reality, blockchain, cybersecurity, and legal tech. The subsectors have been ordered by fastest growing during the recession indicates, which is based on the percentage change in number of companies founded between 2000-2008 and 2009-2013. Sources: Endeavor Insight founder interviews and analysis, LinkedIn, Crunchbase, company websites.

“When we talk about crisis, it is synonymous with opportunity. That is the character of an entrepreneur. The Financial Crisis did not happen for nothing. At that moment, we began a structural change that was never considered until then. Years later it became known as the fourth digital technological revolution. At the time, Spain was not known in the world, but today it is standing out as important in the European ecosystem and as a gateway to LATAM. Spain’s ecosystem is now distinctive because it is concentrated not in just one city, but two. Madrid stands out far ahead of Barcelona as a hub with smaller linked hubs such as Valencia, Bilbao, and Malaga.”

- María Benjumea, South Summit*

As the economy recovered, tech entrepreneurs were leading innovation and impact.

Companies founded in 2014 or after continued to lead Spain toward new entrepreneurial successes, especially in deeptech and areas of social and environmental impact.

IDOVEN was founded in Madrid in 2018 by Manuel Marina Breysse (a cardiologist), Iñigo Juantegui (a serial entrepreneur), and José María Lillo Castellano (a telecoms engineer). IDOVEN seeks to help cardiologists analyze cardiac activity through AI. As a deeptech company in a highly regulated market, IDOVEN has benefited from patient capital and support from Google for Startups and the Scaleup Spain Network Program, among others.

Freshly Cosmetics, founded in Catalonia in 2015 by Joan Miralles, Miquel Antolín Civil, and Mireia Trepas Martí, is an e-commerce company selling natural cosmetics with a focus on environmental protection. In 2021, the company raised €18.9 million from a Series A round. **Senniors**, a digital health ecosystem focused on elderly and dependent care, was selected for Google’s Growth Academy in 2021. It was founded in 2020 by Claudia Gómez and Sergio Gómez Estefan in Madrid and has grown to cover 42 towns and cities across Spain.

COVID-19 jolted the economy, but entrepreneurs are responding once again.

Companies that have been founded since the start of the pandemic include **Pam Learning** and **PayFlow**. Pam Learning was founded in Barcelona by Jordi Ribé, Sergio Escosa and Xavi Pin, and is one of several successful edtech companies in Spain. The company had grown to 43 employees by the end of 2021, its first year of operations. Also based in Barcelona, PayFlow is a fintech company that was founded in 2020, and had grown to employ 43 people by the end of 2021.

II. Opportunity

FACED WITH NEW ECONOMIC UNCERTAINTY, SPAIN MUST ACCELERATE EFFORTS TO BECOME A MORE INCLUSIVE AND GLOBALLY COMPETITIVE HOME FOR ENTREPRENEURSHIP.

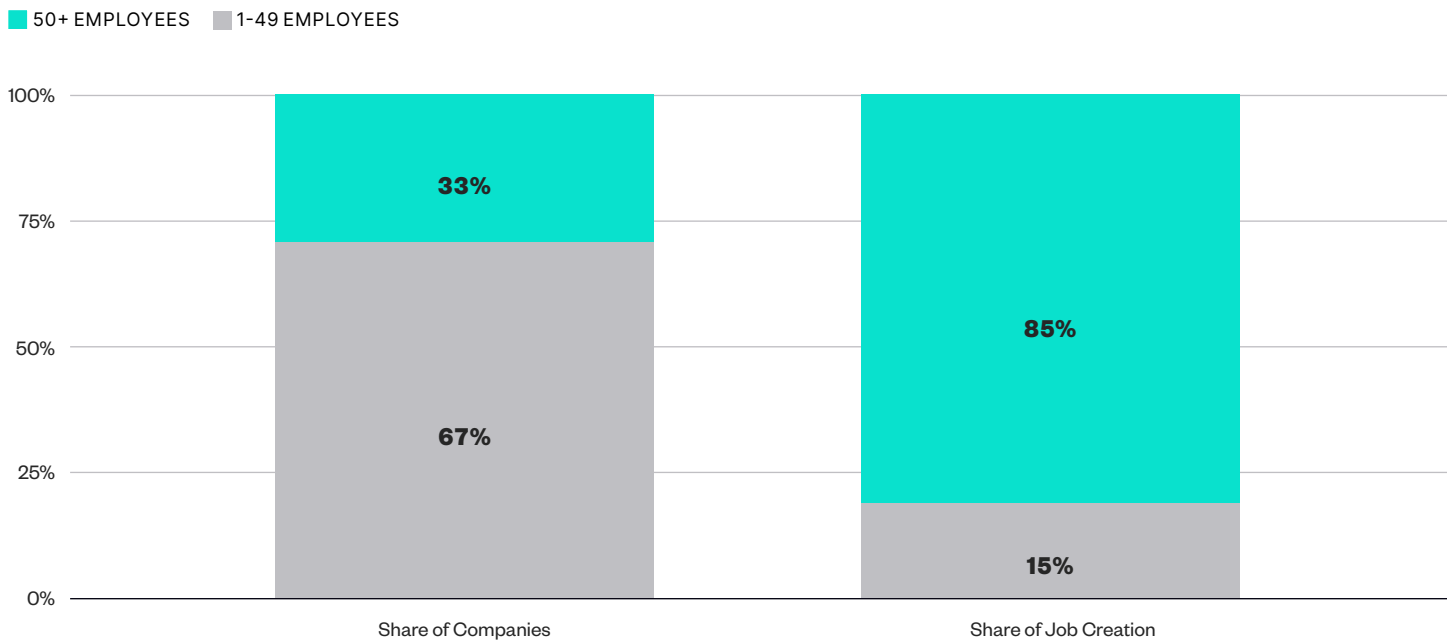
Focusing on the businesses that grow rapidly to 50 or more employees will do the most for the economy.

While most of Spain's tech sector is made up of companies with fewer than 50 employees, businesses that grow larger can provide the widest benefit. Previous studies from Endeavor Insight have shown how scaled companies pay higher average wages, are likely to keep growing once they surpass 50 employees, and can be more resilient during economic downturns.¹⁸

Endeavor Insight's analysis shows that only 33 percent of entrepreneurial tech companies have scaled to over 50 employees, yet these companies account for the vast majority — 85 percent — of jobs in the sector. More new companies need to scale to ensure the future of the tech sector's economic contribution.

SCALED COMPANIES ARE A SMALLER PROPORTION OF THE TOTAL NUMBER OF LOCAL COMPANIES, BUT THEY HAVE GENERATED THE BULK OF JOBS.

Job Creation by Company Size Class in Spain's Tech Sector



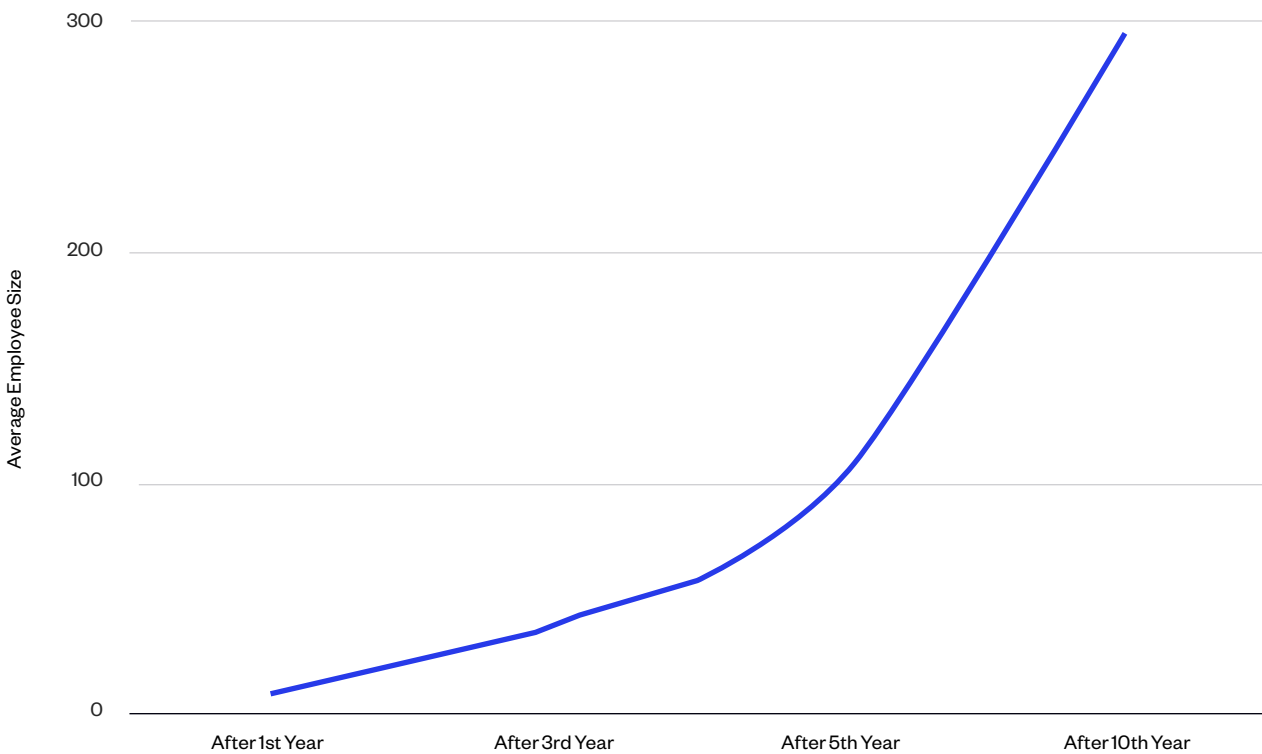
Note: Based on data from 509 active companies based in Spain, where data was available.
Sources: Endeavor Insight analysis, founder interviews, LinkedIn, Crunchbase, company websites.

Spain's active tech companies that have reached scale tend to be older companies that have taken many years to reach that size, with an average age of 13 years. Endeavor Insight's research shows that it may take more than three or five years for a promising

company to reach the size of 50 or more employees. Previous research from Endeavor Insight shows that companies achieving rapid growth in the first five years have the potential to keep adding jobs, attract capital, and contribute the most to the economy.

SPAIN'S ACTIVE TECH COMPANIES THAT HAVE REACHED SCALE TEND TO BE OLDER COMPANIES THAT HAVE TAKEN MANY YEARS TO REACH THAT SIZE.

Average Growth Trajectory among Spain's Tech Companies



Notes: Based on data from 85 interviews.
Sources: Endeavor Insight founder interviews and analysis.

Fewer than 20 percent of companies founded between 2017 and 2021 have reached scale. Looking at the growth of companies since the financial crisis, nearly 60 percent of all tech companies in Spain were founded in 2009 or later, but only 30 percent of those have reached scale. Now is the time to devote more resources to help more of these newer companies achieve their potential.

Persisting gender inequities will hold back potential growth in Spain's ecosystem.

As Spain's tech sector has grown, it has not done so equitably. There are proportionately more

female-founded companies in e-commerce, healthtech, and traveltech, and proportionately fewer female-founded companies in the adtech, gaming/mobile, and edtech subsectors.

Companies with one or more female founders make up only 14 percent of all companies in this study. Over time, the proportion of female-led companies has shrunk. It fell from 17 percent of companies founded between 2012 and 2016 to just 13 percent in the most recent five year period, as the graph on the next page illustrates.

Andrea Barber is the founder of **RatedPower**, a cloud-based software company in the renewable energy sector. She founded the company in 2017 in Madrid. Barber sums up the challenges facing female founders:

“There is still a long way to go to reach the full integration of women in technology entrepreneurship, and the origin lies mainly in education and culture. Stereotypes and gender roles, which are still deeply rooted in our society, combined with the lack of support from their environment, are strong discouragements to women when they just think about the idea of becoming entrepreneurs.”

Another important problem to address is the fact that we still have greater difficulty in accessing financing. Redefining the image of entrepreneurs and new digital business models are aspects that will make business opportunities increasingly more egalitarian.

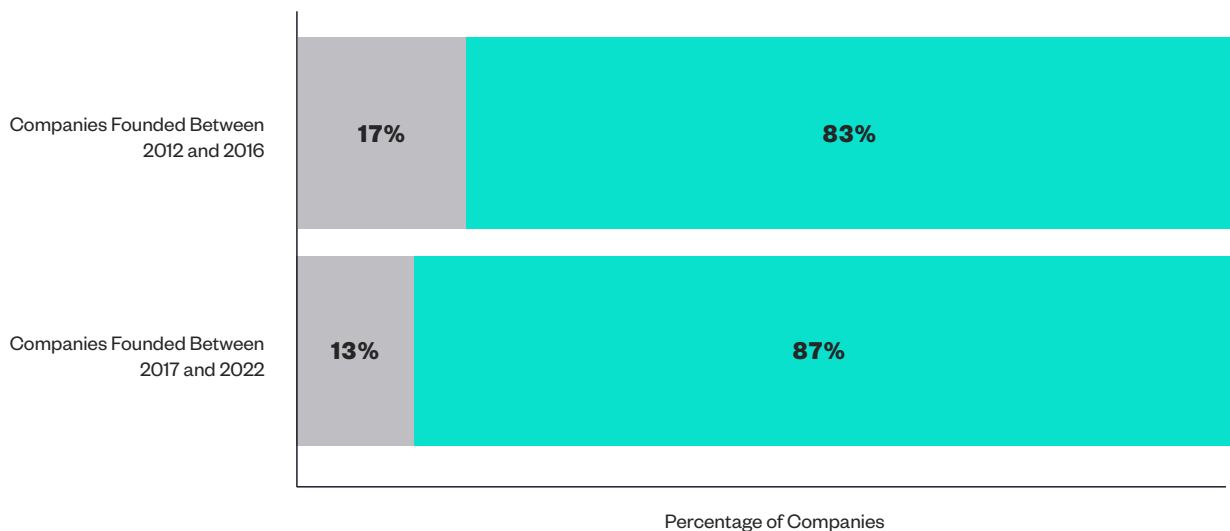
It has been a challenge for me to find a supporting system of other women in business. However, I now have several networks of this type and I think it is very important, and more and more support programs for female entrepreneurship are emerging every day.”¹⁹

Pictured: Andrea Barber (RatedPower)



THE PERCENTAGE OF TECH COMPANIES IN SPAIN WITH FEMALE FOUNDERS IS SHRINKING.

■ AT LEAST ONE FEMALE FOUNDER ■ ALL MALE FOUNDERS



Note: Based on founders of 512 active companies, where data was available.
Sources: Endeavor Insight analysis, LinkedIn, Crunchbase, PitchBook, company websites.

In 2021, companies founded solely by women secured just 1.8 percent of the total capital invested in venture-backed startups across Europe, according to the International Data Corporation, with 9.3 percent going to mixed gender founding teams.²⁰ In Spain, women are underrepresented in private equity and VC firms, making up just 30 percent of roles.²¹ But Spain does outperform other southern European countries in terms of female influence — the country has several VC funds that have been founded by women, such as K Fund, Seaya Ventures, and TheVentureCity, which positively influence access to capital for female founders.²²

Decision makers should do more to identify and support promising founders from underrepresented groups. There are opportunities to better understand the specialized needs of female founders, help connect them with relevant networks, and address systemic biases within the entrepreneurship and venture capital systems.

Previous research from Endeavor Insight suggests that difficulty women experience in accessing capital is a symptom of other underlying obstacles, primarily building networks with potential investors, cofounders, and employees prior to launching their company. Successful female founders often build strong networks during their academic years and gain valuable professional experience early in their career that they utilize to scale their businesses.²³

Sofía Benjumea, the Head of Google for Startups in Spain since 2015, offers her perspective on diversity within the Spanish tech ecosystem, *“There is still too much to do to drive diversity and inclusion in the Spanish tech sector. Nevertheless, I feel honored to see women founders thriving and leading in their industries, such as Andrea Barber (**RatedPower**), Claudia Gómez (**Senniors**), and Andrea Cayón (**Passporter**). The percentage is small, but they are setting a terrific example. At Google for Startups, this is part of our core values, and we are*

incredibly proud of our alumni community, 48 percent of whom are female, and we are glad to see new initiatives and support networks emerging in the ecosystem.”

Decision makers should encourage entrepreneurship as a career path among Spain’s most promising and underrepresented groups.

Before the 2008 Financial Crisis, young adults considered public administration or established international corporations as secure options to launch their career. With public sector cutbacks and international uncertainty following the crisis, more young people were drawn to entrepreneurship, partly through necessity.

Yet negative perceptions of entrepreneurship as a career path continue to discourage students and young people from considering founding their own companies or joining a startup. These views that are reinforced in Spanish culture are limiting the growth of Spain’s tech companies. Public support and universities can play an important role in encouraging entrepreneurship as a viable and important career path, especially among underrepresented groups.

Efforts to encourage future founders in Spain should focus on the students and young adults already on the pathway to success. Endeavor Insight identified the common traits among Spain’s scaled founders to serve as a guide for decision makers in identifying and supporting the next generation.

“In the years following the financial crisis there was a complete transformation of people’s mentality to know that Spain can be entrepreneurial. We can all play a part because a startup project is not just one person with one concept. It’s about collaboration and cooperation. The entrepreneur, as a global risk innovator, is decisive and the new player for innovation. It is key that entrepreneurs are playing hand-in-hand for the benefit of all.”

- María Benjumea, South Summit

In terms of educational experience, scaled companies are more likely to have at least one founder with a degree in science, technology, engineering, or mathematics (STEM) subject, a master's degree or higher, or to have studied business. In

terms of professional experience, scaled companies are more likely to have at least one founder with experience in business or finance, sales, or experience at C-level or as a founder in another scaled company.

SCALED COMPANIES ARE MORE LIKELY TO HAVE FOUNDERS WITH CERTAIN TRAITS.

Percentage of Companies With at Least One Founder With a Given Educational or Professional Experience



Note: Based on data from 1,123 founders of tech companies in Spain, where data was available. Sources: Endeavor Insight analysis, LinkedIn.

The Startup Law is a positive start, but policymakers need to go further.

In late 2021, the government presented Spain's first dedicated startup law to parliament. The law forms part of a wider strategy (dubbed Spain Entrepreneurial Nation) to make Spain a more attractive environment for entrepreneurial activity. The law, which is expected to pass at the end of 2022, is Spain's first to establish a specific legal framework for startups.²⁴ It seeks

to encourage investment through tax breaks and incentivize talent acquisition and retention through stock options and a digital nomad visa for international workers. There are also measures to cut red tape and the cost and time taken to establish an entrepreneurial business.²⁵ It establishes an online platform to enable entrepreneurs to set up a business in one step. Political groups are submitting amendments that aim to improve the law for a variety of stakeholders.

Parallel to the new law, the government plans a Next Tech Fund, with an investment objective of €4 billion — half from the public sector, half private — to help raise rounds in excess of €10 million. Together with other public investment programs, the European Innovation Council has announced concrete investment programs directed toward European startups and scaleups with innovation and deep tech models, which will provide another opportunity to foster the Spanish ecosystem.²⁶

“In Spain, we know that we have four main challenges for the startup ecosystem. First is investment. Second is talent. Third is scaling up. And fourth is having a full demonstration that Spain is actually an entrepreneurial state.”

**- Francisco Polo,
High Commissioner for Spain
Entrepreneurial Nation.²⁷**

While a step in the right direction, the law has been criticized for being too narrow as it only has provisions for companies under five years old (seven for biotech companies), and earning less than €5 million in revenue. At least 60 percent of employees must be based in Spain to qualify for support under the law. This approach will do much to improve the environment for those that are starting on the entrepreneurial journey, but it does little to encourage companies that are looking to scale or expand internationally. Serial entrepreneurs would also be excluded under the proposals, which limit support to a founder’s first three companies.

In addition, the government introduced the “Ley Crea y Crece” (Create and Grow Law) in July 2021, which aims to simplify the existing laws of incorporation for SMEs. By mid-2022 the law was being debated in the Senate.²⁸ Under the law, a Limited Liability Company can be created with shared capital of only €1 (from €3,000 previously), and

incorporation can be achieved by electronic means via a dedicated business creation network. The law also legislates for and encourages electronic invoicing, and makes the rules around financing instruments such as venture capital, crowdfunding, and collective investment more flexible.²⁹

Decision makers need to do more to create an enabling environment for entrepreneurs who are scaling and creating value in Spain.

Tech companies will continue to drive the economy in Spain, but they will only provide sustainable economic value if they are able to retain the wealth and jobs they create. The current environment places too many constraints on founders who have scaled their companies, prompting many to consider relocating their headquarters to other countries and take on funding structures that will accrue wealth to foreign investors.

The future of the ecosystem depends on more founders being able to successfully scale their companies in Spain. The country’s potential to identify and support the most promising founders will diminish if female founders continue to go under-supported, younger generations of future entrepreneurs are discouraged, and local founder-led companies are overlooked in favor of international corporations.

If these dynamics persist, Spain runs the risk of losing some of the most important economic assets it has. Special attention should be paid to understanding the dynamics of how founders scale their companies, utilize networks, and overcome barriers. The following sections offer insights on these areas with strategies for Spain to bolster its entrepreneurial ecosystem and compete on the global stage.

III. Network Analysis

Networks are important vehicles to transmit resources and information in a community. Network analysis traces the flow of people, capital, and information between entrepreneurs, their cofounders, employees, mentors, investors, and other stakeholders. The methodology looks at relationships that illustrate the ways in which local founders take knowledge and resources acquired from founding one firm and use it to help launch or grow another.

To get a snapshot of Spain's tech entrepreneurship network, Endeavor Insight interviewed more than 100 local founders and analyzed data on the connections among them using a methodology that was developed by members of the Global Entrepreneurship Research Network. The methodology looks at three types of relationships among founders and companies that illustrate the ways in which local founders take knowledge and other resources acquired from founding one firm and use it to help launch or grow another.

These are:

1. Former employment;
2. Mentorship;
3. Investment; and
4. Serial entrepreneurship.

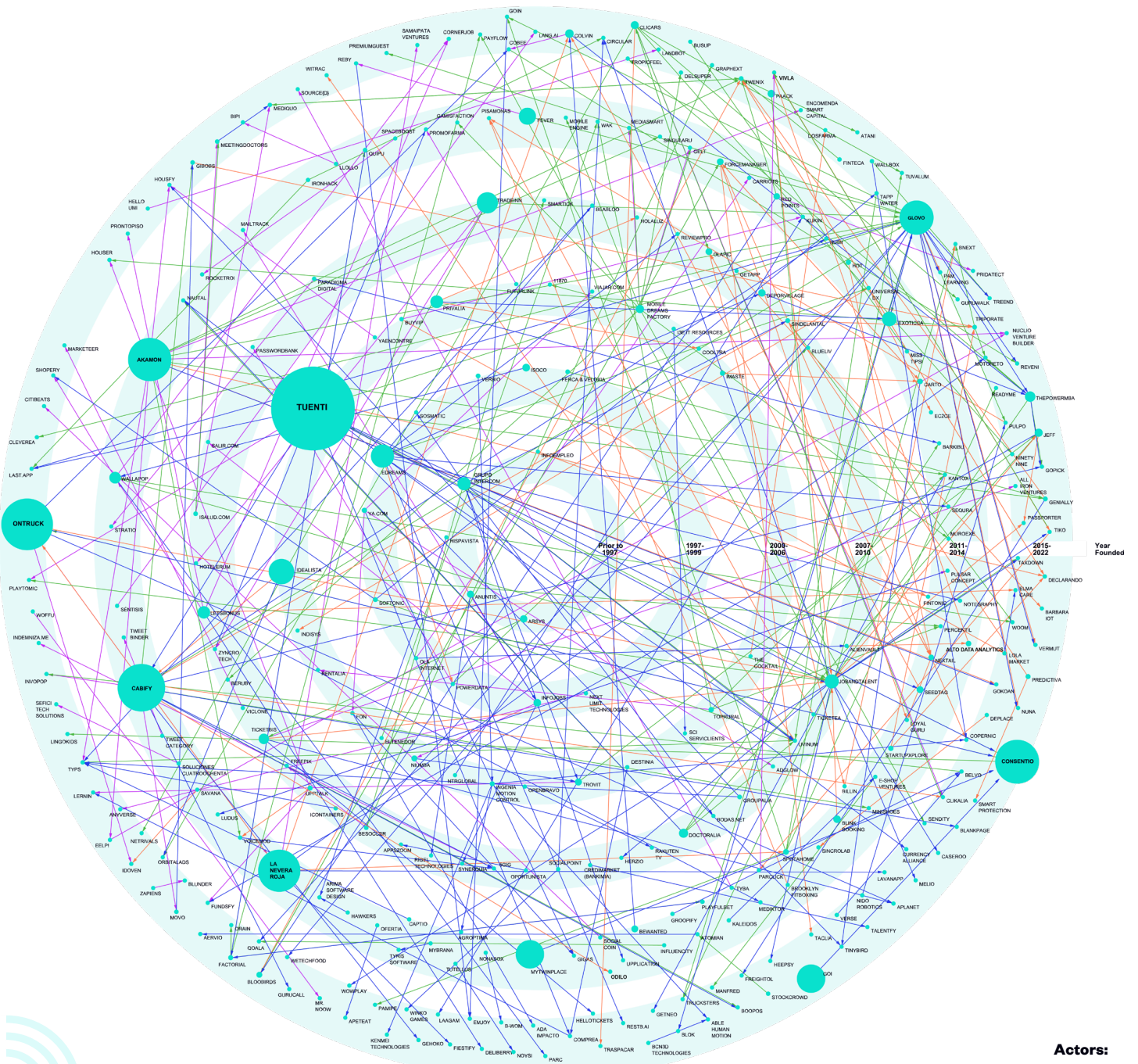
The network map on the following page shows entrepreneurial companies and how they are connected to one another through serial entrepreneurship, former employment, mentorship, and investment. The size of the bubble is a function of the number of first-, second-, third-, etc. degree connections that the company and its entrepreneurs had to others in the network. Founders who have started multiple companies are represented by their most prominent company or organization.

Connections between founders were included if:

1. The companies are entrepreneurial, operate in the tech industry, and are headquartered in Spain. In select cases, tech companies with legal headquarters outside of Spain were included if they have at least one Spanish founder and they provide substantial support to the local ecosystem through the connections measured here.
2. Sufficient data could be collected including the year the company was founded, founder identities, and confirmation of at least one connection — former employment, mentorship, or investment.*

* The analysis is based on primary data collected through founder interviews. The findings reflect the founder-reported data where interviewees were responsive and willing to share connections data. In some cases, secondary data on investments and support program participation comes from Crunchbase, PitchBook, and organization portfolio lists. Connections data was verified with founders via email.

NETWORK MAP OF SPAIN'S TECH FOUNDERS



Year Founded:

- Prior to 1997
- Between 1997 and 1999
- Between 2000 and 2006
- Between 2007 and 2010
- Between 2011 and 2014
- Between 2015 and 2022

Connections:

- FORMER EMPLOYMENT
- MENTORSHIP
- ANGEL INVESTMENT
- SERIAL ENTREPRENEURSHIP

Actors:

Local Entrepreneurial Companies

Note: The size of a circle is a function of the number of first-, second-, third-, etc. degree connections originating from the founders of a company. Founders are represented by their most prominent company or organization.

Source: Endeavor Insight founder interviews and analysis, LinkedIn, Crunchbase, PitchBook, company websites.

The most influential entrepreneurial company in the tech sector is **Tuenti**, a mobile virtual network operator company. It was founded in 2006 by Adeyemi Ajao, Félix Ruiz Hernández, Joaquín Ayuso de Paúl, Kenny Bentley, and Zaryn Dentzel. Ajao and Hernández have served as mentors, and Dentzel has personally invested in Glovo among other companies. The company's influence stems both from the number of other companies its founders have supported and from the subsequent influence of those next generation companies. Tuenti employed seven people who went on to found their own companies, including several who became successful mentors and investors in the ecosystem themselves.

Tuenti's influence has been so profound as to draw comparisons with the influence of PayPal in the United States.³⁰ Since its €70 million acquisition by Telefónica in 2010, former Tuenti employees have gone on to work in companies throughout the Spanish tech ecosystem and beyond, also strengthening links with international tech giants including Google, Meta, and Spotify. In Spain, Jobandtalent's cofounders (one of whom, Felipe Navío, had worked as a strategy consultant at Tuenti) say that their company "was born in Tuenti's office."³¹ Not only did Ajao invest in the HRtech company, but several former employees went on to work at the Madrid startup.

Rank	Company	Headquarter Region	Year Founded
1	Tuenti	Madrid	2006
2	OnTruck	Madrid	2016
3	Cabify	Madrid	2011
4	Consentio	Catalonia	2017
5	Akamon	Catalonia	2011
6	La Nevera Roja	Madrid	2011
7	Glovo	Catalonia	2015
8	Goi	Madrid	2015
9	MyTwinPlace	Catalonia	2012
10	Idealista	Madrid	2000

Two Important Lessons Emerged by Looking at the Connections among Entrepreneurs.

1. A Majority of Tech Founders in Spain Have Positive Perspectives on the Entrepreneurship Community.

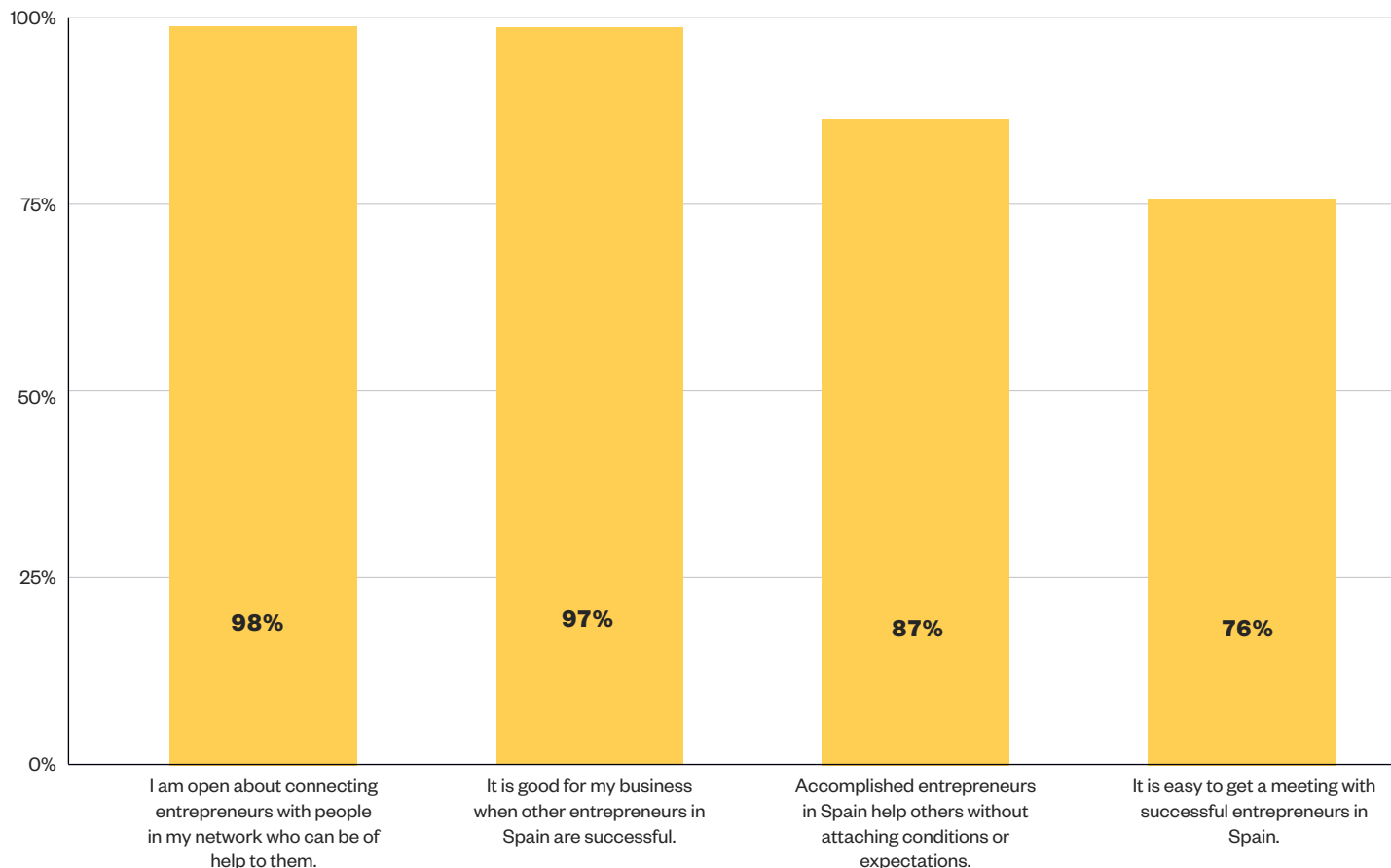
The analysis showed that Spain has a collaborative spirit, which is important for the growth of an entrepreneurial ecosystem. Nearly all of the founders interviewed for this study were open to connecting other entrepreneurs to people in their network and agreed that it was good for their business

when others were successful, as the graph illustrates. A majority also agreed that Spain's entrepreneurs help one another and that it is easy to get a meeting with successful entrepreneurs.

When successful founders provide support to other founders, the ecosystem thrives. Companies that go on to scale are more likely to have founders who received support from other local tech founders. Within Spain, the most influential founders can be found in the two largest hubs, Madrid and Catalonia.

TECH FOUNDERS' PERSPECTIVES ON SPAIN'S ENTREPRENEURSHIP COMMUNITY

Percentage of Respondents Who Agree or Strongly Agree



Notes: Data is based on the 95 founders who responded to each respective question. Source: Endeavor Insight analysis, founder interviews.

DIASPORA FOUNDERS HELP SPAIN'S ECOSYSTEM FROM ABROAD

The network analysis also recognizes the contribution of Spanish tech entrepreneurs who have moved abroad, yet continue to help their home ecosystem grow. One of the most influential in this regard has been Iñaki Berenguer, who has grown and sold three New York-based tech companies.³² Despite remaining in New York, Berenguer has contributed to the Spanish tech ecosystem through angel investments and mentorship.³³

After graduating in telecom engineering from the Technical University of Valencia (UPV), Berenguer went on to gain a masters and a PhD in engineering from the University of Cambridge and an MBA in entrepreneurship from MIT. Before founding **CoverWallet** in 2016 with Rashmi Melgiri, he had already successfully grown and sold two tech startups based out of New York, **Pixable** (acquired by SingTel in 2012) and **Klink** (acquired by Fuze in 2015).³⁴

Berenguer and Melgiri grew CoverWallet, an online platform that offers insurance to SMEs, with investments of \$60 million from global VCs (including Spain's Kibo Ventures), to have a customer base in the hundreds of thousands across the United States, employing around 500 people. They sold CoverWallet in 2020 to Aon,³⁵ with Berenguer remaining as CEO until January 2022.³⁶ Following the sale of CoverWallet, Berenguer teamed up with his alma mater to cofound and become president of **iPronics Programmable Photonics**, in Valencia, a company that develops photonic chips for ultra-high performance computing and low power consumption for use in data centers, AI, and autonomous driving.³⁷

Berenguer's influence on the Spanish tech ecosystem extends not only to continued collaboration with UPV, but also to angel investments in companies including **Cabify**, **Jobandtalent**, **Clicars**, **Paack**, **Bipi**, **Verse**, and **Clikalia**.³⁸



Pictured: Iñaki Berenguer (CoverWallet)

2. Scaled Companies Are More Likely to Have Founders Who Received Support from Other Tech Founders Compared to Companies That Did Not Scale.

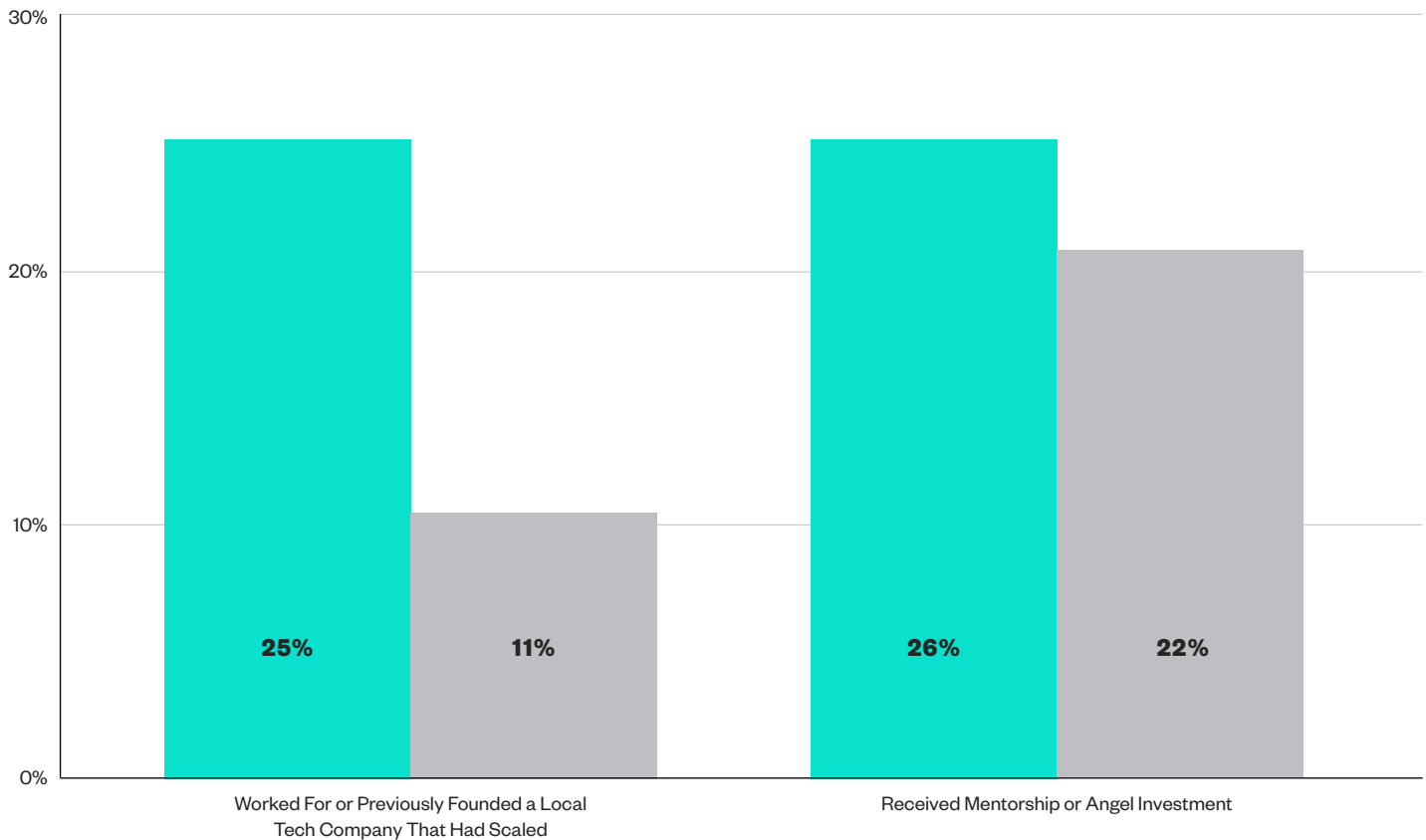
Previous research by Endeavor Insight has shown that when entrepreneurs at scale are more connected to other founders, entrepreneurship communities are more productive.³⁹ Endeavor Insight analyzed scaled companies in Spain to see how their

connections differed from companies that did not achieve significant growth. One of the largest differences between companies that reached 50 or more employees and the rest of the sample was having a founder who had previously worked for a local tech company that had also scaled. Scaled companies were also more likely to have received mentorship and angel investment from other local companies, as illustrated by the chart.

SCALED COMPANIES IN SPAIN'S TECH SECTOR ARE MORE LIKELY TO HAVE WELL CONNECTED FOUNDERS.

Percentage of Spain's Tech Companies with at Least One Founder Who Has a Given Connection Type

COMPANIES WITH 50+ EMPLOYEES COMPANIES WITH 1-49 EMPLOYEES



Note: Based on data from 1,108 founders of tech companies in Spain, where data was available. Sources: Endeavor Insight founder interviews and analysis, LinkedIn, Crunchbase, Pitchbook.

Employment at a scaling company offers founders important opportunities to learn how to navigate the challenges of building a local business. It also allows them to build important contacts that can make a meaningful difference in success when they start their own company. Endeavor Insight's research has consistently shown

that, once a founder has launched their company, mentorship and angel investment, especially from successful entrepreneurs, can demonstrably improve the company's chances of becoming one of the fastest growing companies by number of employees. The network map in Spain tells the same story.

IV. MULTIPLIER EFFECTS

A SINGLE COMPANY CAN HAVE A SIGNIFICANT MULTIPLIER EFFECT WHEN THE FOUNDERS PAY IT FORWARD TO THE NEXT GENERATION OF ENTREPRENEURS.

The examples highlighted here demonstrate how some of Spain's most successful companies are creating an impact on entrepreneurship ecosystems, workforce development, and the environment.

GLOVO

Glovo was founded in Barcelona in 2015 by Oscar Pierre and Sacha Michaud. According to Pierre, "I met Sacha in my first fundraising through the Conector accelerator, where he was one of the mentors. We hit it off."⁴⁰ Michaud, who had nine years of experience in the gaming industry, recalls, "I saw what Uber was doing in the US, how you can change how things work with just a simple app, on demand. I already had some investors for the launch, and they told me there's this kid that just got back from the US who has the same idea. I ran into Oscar, listened to him, really liked him, and thought we should do this together."⁴¹

Through connections made via Carlos Blanco, the founder of the Conector accelerator, they raised seed money and started operations in Madrid, Barcelona, and Valencia.⁴² Glovo benefited from early funding from Antai Venture Builder, a vehicle through which many of the earlier generation of tech entrepreneurs,

such as the founders of Tuenti, invested.⁴³ Seaya Ventures was another influential investor, participating in Glovo's Series A-C funding rounds between 2016 and 2018, and Pierre credits Seaya's founder and managing partner Beatriz González as an influential mentor. Glovo changed the model of home deliveries in Spain to one that essentially invites customers to request anything they want for delivery. After a year, the pair pivoted the company to become a marketplace "middleman" between businesses and consumers.

Glovo's growth was rapid. Within one year it had raised €7 million and expanded operations to other cities in Spain as well as to Italy. It has since gone on to operate across most of southern and eastern Europe, as well as seven countries in Africa. In 2019, Glovo became Spain's second company — after Cabify — to gain unicorn status, following a €150 million Series E round.⁴⁴ In 2021, Germany's Delivery Hero acquired Glovo by raising its stake from 44 percent to 83 percent, valuing the company at \$2.6 billion.⁴⁵

Their association started as a mentoring relationship, something that Pierre readily acknowledges, "Mentorship was important for me because I was 22 when I started, and I had some angel investors and mentors that helped a lot. If you look

at 100 entrepreneurs, there are 5 percent at the top who don't need anything, the bottom 10 percent will die, no matter how much you help them. And then in the middle there are those that get value from mentors. That's why it's so important to boost the ecosystem and get good mentors in." During his time leading Glovo, Pierre has become one of the top mentors in the local tech ecosystem.

Though now minority shareholders, Pierre and Michaud continue to run Glovo but are turning their attention to supporting Spain's startup ecosystem, taking up the mantle of paying it forward. In interviews with Endeavor Insight they spoke with pride about how many former Glovo employees had gone on to found their own entrepreneurial companies (as illustrated in the map on the opposite page), several of which the pair have invested in themselves.

Pierre and Michaud are now looking to give back in Spain and worldwide. In Spain, Glovo has established mentoring programs with the University of Granada⁴⁶ and with the Technical University of Valencia — in coordination with Startup Valencia.⁴⁷ Each program is based on a competition for young entrepreneurs with an innovative idea. The winners enter a four-month incubator and mentorship program with Glovo with the aim of commercializing the idea.



Pictured: Sacha Michaud and Oscar Pierre (Glovo)

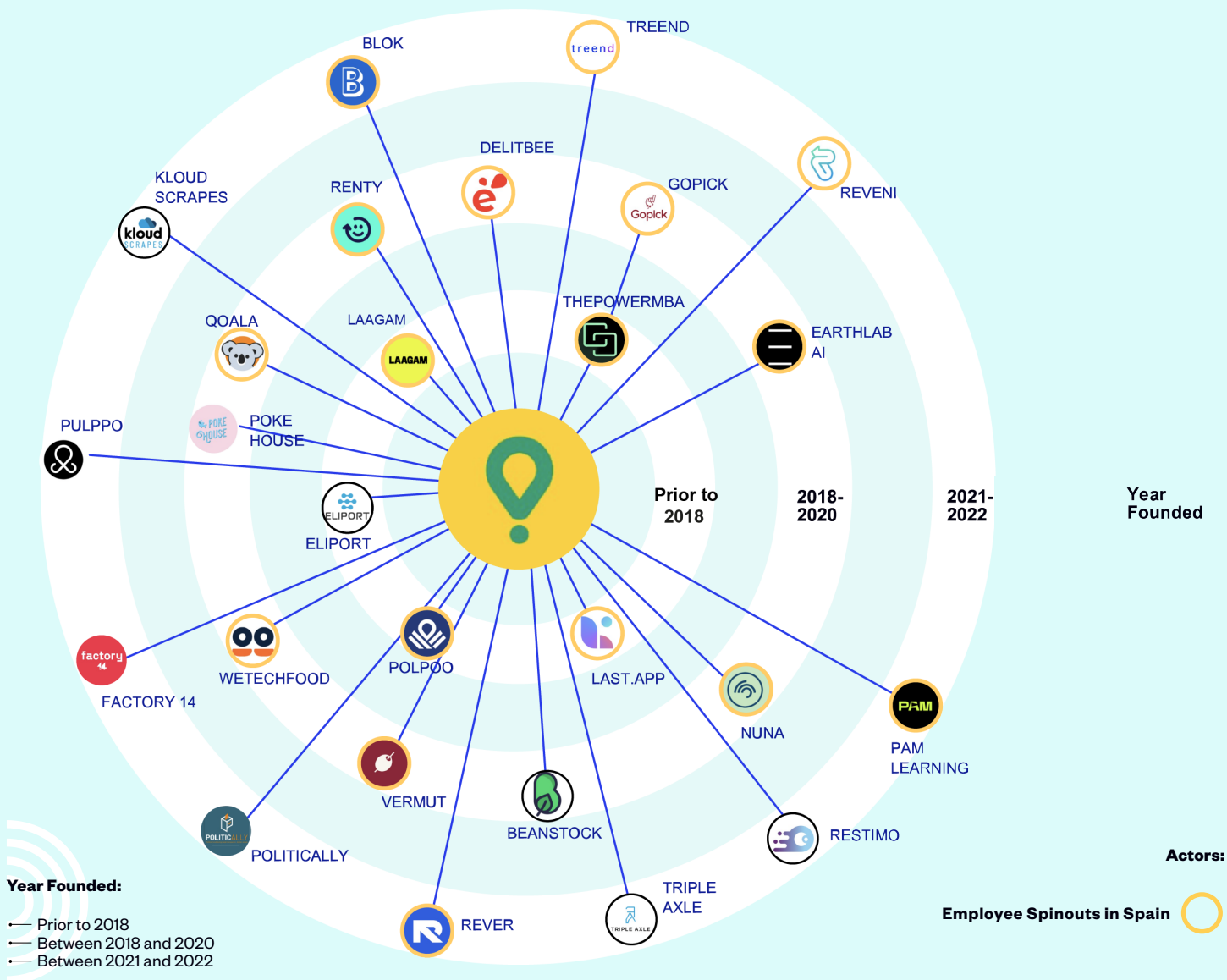
In 2021, Glovo launched LeaderSHE, an internal mentoring and skills development program for women, targeting an increase in the proportion of women in leadership positions in the company from 32 percent to 45 percent by 2025.⁴⁸

Their support is not just limited to entrepreneurs. To support their

couriers, in 2022 Glovo launched a program called G-Learning,⁴⁹ which provides online training and courses for their courier riders, with the aim of gaining them access to more skilled jobs. The G-Learning program is part of Glovo's Couriers Pledge, which aims to improve the rights and benefits of delivery riders. Together with Ashoka Africa,

Boston Consulting Group, and the ESADE business school — where some senior Glovo employees already mentor — Glovo is also participating in a program that aims to boost ICT skills in Kenya, with competition winners earning places on ESADE's eWorks Accelerator.⁵⁰

TECH COMPANIES STARTED BY FORMER EMPLOYEES OF GLOVO



Sources: Endeavor Insight interviews and analysis; LinkedIn; Alcalde, Lucas & Nathan Rennolds. "How Glovo co-founder Oscar Pierre helped build a startup worth \$2.6 billion." *Business Insider*. 4 Mar. 2022. [businessinsider.com/glovo-founder-oscar-pierre-path-idea-2-billion-dollar-company-2022-3?r=US&IR=T](https://www.businessinsider.com/glovo-founder-oscar-pierre-path-idea-2-billion-dollar-company-2022-3?r=US&IR=T). Accessed 11 Jul. 2022.

CABIFY

In 2011, together with cofounders Vicente Pascual, Adrián Merino, Francisco Montero, and Sam Lown, Juan de Antonio launched **Cabify** in Madrid. De Antonio had been working in the electric vehicle (EV) industry and was looking for a way to reduce the impact of combustion engines on the planet, so he set up Cabify with the goal of creating a company that would provide a convenient alternative to private vehicle ownership through sharing.⁵¹

One year after launching in Spain, in 2012 Cabify entered the Latin American market via Mexico, Peru, and Chile, and has since grown to operate in five other Latin American countries. The company now directly employs more than 1,000 people, in addition to its thousands of self-employed driver partners.⁵²

Cabify has raised around \$400 million in seven rounds, including from local angels, local VC Seaya Ventures, and Endeavor Catalyst, with its 2018 \$160 million Series E round, led by Japan's Rakuten Capital, valuing the company at \$1.4 billion. This made Cabify Spain's first unicorn company.

Adhering to his original aim of promoting clean energy, in 2022 de Antonio secured a €40 million loan from the European Investment Bank to further decarbonize Cabify's fleet.⁵³ The company will use the money to deploy 1,400 EVs in Spain, as well as to strengthen the country's EV charging infrastructure. This is part of the company's aim to have a zero-emission fleet in Spain by 2025 and worldwide by 2030.⁵⁴

Cabify's international impact has extended beyond securing leadership status in the vehicle sharing markets in which it operates, and shows how a large entrepreneurial company can influence the ecosystems in which it operates. More than 40 former employees have gone to found their own entrepreneurial companies across 13 countries, including Spain.



Pictured: Juan de Antonio (Cabify)



V. Founder Challenges

Endeavor Insight asked Spanish tech founders about their most common challenges, how serious they considered these were to operating their businesses, and whether they were able to overcome them. The findings below are based on the responses of the 102 entrepreneurs who participated in the survey.

Access to Technical Talent

The availability of quality technical talent is an asset to Spain's growing tech ecosystem. When asked to name the advantages that Spain offers an entrepreneurial business, quality of talent was the most frequent response, highlighted by half of interviewees. According to one founder, "The quality of the workforce is high. I worked for a Silicon Valley startup, and I'd say that our quality here is higher on average than in Silicon Valley."

However, a combination of factors has led demand to outstrip supply, leading to a scarcity of local talent and salary inflation. This global shortage was accelerated by the COVID-19 pandemic, but it is having a more pronounced effect on economies such as Spain, which had previously enjoyed a combination of high-skilled and low-cost talent. The explosion in remote working since the start of the pandemic has led companies in other tech centers to poach Spanish talent, and an increasing number of traditional companies are also expanding their tech teams. The result is increased competition and marked salary inflation.

Nearly two-thirds of respondents experienced major or severe challenges recruiting and retaining technical talent, making it the highest ranked obstacle to growing a tech company in Spain according to founders. The most common strategy that founders utilized to overcome this challenge is attracting remote talent or

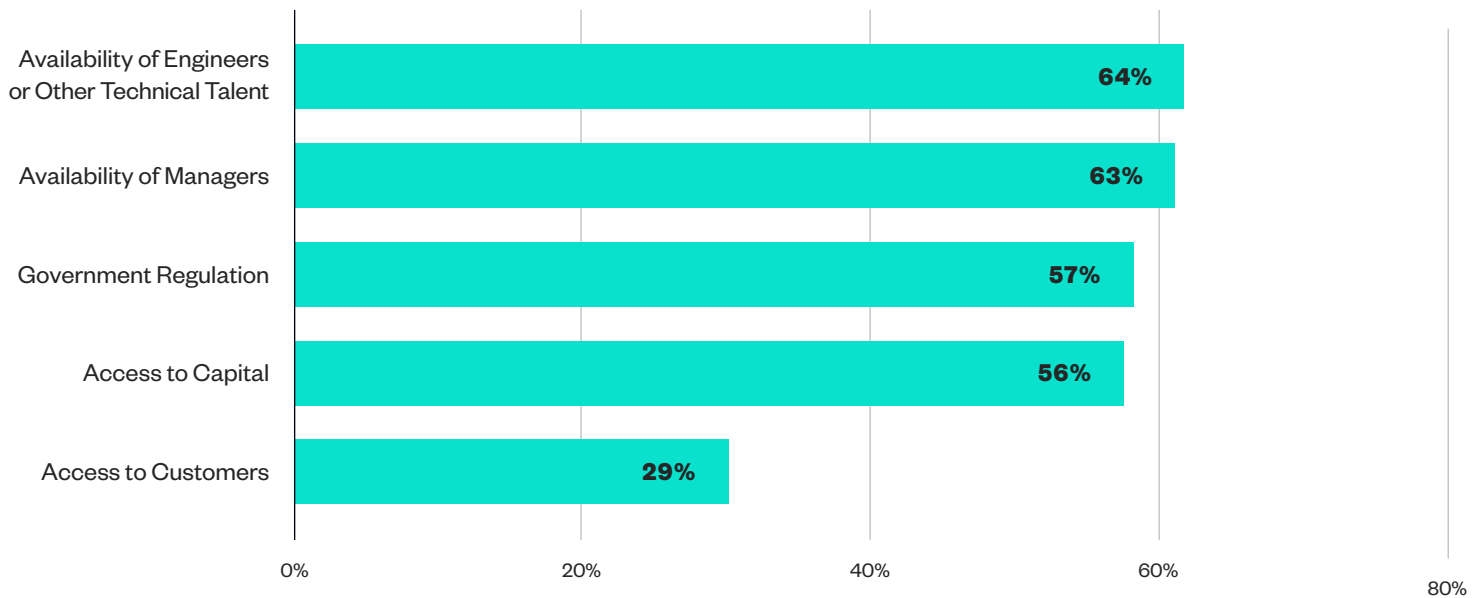
hiring directly from abroad. Spain's good quality of life and status as an EU country mean that the country can attract workers from eastern Europe, and from other economies. However, keeping staff at their companies is also a concern. According to one founder, "We have churn and we're preoccupied about it. There's a lot of demand for tech and we cannot afford the salaries that big companies can offer. Companies like Zara, Amazon, or pharma companies are fishing in our company."

Many accept that they have little option but to keep up with salary inflation — one founder reported that they have tripled average salaries for engineers over 18 months. According to another, "There is much more demand than what the educational system has been able to produce. The demand will keep growing, and then the only thing to do will be to raise salaries and look for other locations to find talent like Argentina, Colombia, and Poland."

Understanding that they are unable to compete on salary with large corporates or entrepreneurial companies in the United States and northern Europe, some founders are focusing on a positive company culture. As one founder stated, "If you can't compete on money, then sell the project and the culture." Other strategies to build the talent pool include using internships and in-house training.

OBSTACLES TO RUNNING AND GROWING TECH COMPANIES IN SPAIN

Percentage of Interviewees Reporting a Major or Severe Obstacle



Note: Data is based on 102 interviewed respondents.
Source: Endeavor Insight founder interviews and analysis.

Access to Managerial Talent

The second greatest challenge that interviewees reported was the availability of experienced and qualified managerial, or leadership talent. This was considered a major or severe obstacle by 63 percent of respondents, with marketing executives and CTOs being the most challenging C-level positions to recruit. Many interviewees cited the young nature of the ecosystem as a reason that there remains a dearth of experienced managerial talent in Spain. Sales and marketing chiefs were also difficult senior roles to fill, particularly for Software-as-a-Service (SaaS) and B2B companies (those whose customers are other businesses). Tech startups can require a level of technical expertise in various roles across all departments, and many respondents described finding a manager with tech-specific talent as a challenge.

The most common way founders overcome this challenge is to import talent from abroad or use remote managerial talent. They also focus on enhancing the company's reputation to attract talent, or train managers in-house.

Several interviewees noted that more managerial talent is coming onto the market as the sector matures — as exits occur and as more corporate employees are attracted to entrepreneurial companies. As one founder said, "Five years ago it was more of a challenge, now less so. Good quality people are quitting bigger companies and moving towards startups, as employees or to start companies themselves." Another noted that some qualified managers who left Spain after the 2008 Financial Crisis are now returning to the Spanish market, further increasing the supply of managers.

Government Regulation and Legal Frameworks

Government regulations and legislation presented a major or severe challenge for 57 percent of interviewed founders, with most saying that it was an ongoing problem. Founders described issues relating to bureaucracy, taxation (either the high burden or complexity), and stock options. When asked for their perspective on whether government policies are currently playing an enabling role for entrepreneurs, only 17 percent of founders agreed.

Some of Spain's regulatory challenges stem from the fact that startup culture is still relatively young, and legislation is taking time to catch up. Founders reported that startups are being legislated in the same way as traditional companies, which is hindering their growth. The proposed Startup Law is meant to support the startup ecosystem, and several interviewees appeared confident that the new law would help entrepreneurial companies. Nevertheless, many are still cautious.

According to one founder, "Interactions with the government when it comes to taxes, or anything to do with a company's constitution, are confusing. The red tape that exists around going to government offices, to get a

number or a license, is crazy. It's a maze, it's unclear, and it increases the burden on your time and also increases your costs."

Several founders compared Spain unfavorably to jurisdictions such as the United Kingdom, which offers generous tax deductions for investments — helping to underpin strong angel and venture capital funding — as well as clear legislation on stock options. At present, stock options in Spain are taxed as income, which is a disincentive that many companies work around by offering so-called "phantom shares," the benefits of which are difficult to explain to employees.* While legislating for stock options appears to be a step in the right direction, several entrepreneurs are concerned that the new law does not go far enough. According to one founder of a scaled company, "They are trying to fix stock options but in essence what they are doing is focused only on very early and seed stage startups, and they are only touching the surface."

Of the few solutions that entrepreneurs stated that they had implemented to overcome the issue of burdensome regulation, some stated that relocating their legal headquarters outside of Spain helped, and others had expanded their legal or accounting team.

* Phantom shares are a benefit plan that gives selected employees some of the benefits of stock ownership without actually giving them any company stock. The value of the phantom shares tracks the valuation of the company, with a proportional bonus paid out.

Access to Capital

Access to capital was reported as a major or severe challenge by more than half of interviewed founders, most of whom said that it was a challenge that they had already overcome. As with many aspects of the Spanish entrepreneurial ecosystem, there is evidence that capital markets are evolving positively. According to one founder, “When we created the company in 2011 the startup world was not as developed as it is today. Now you have way more funds than there were, when tickets were smaller and the risk capital was less.”

While raising finance has become easier, interviewees noted some gaps in the market, particularly in early stage or post-series A financing. And while there is consensus that the amount that can be raised has increased in recent years, many respondents said that ticket sizes are still below their potential levels in Spain. As one founder summarized, “Early stage investment in Spain is not very mature, so it is difficult to get a project from zero to one. There are no ‘super business angels’ (investors that could write a single €100,000-plus check). You have to get tens of people to write you a check totaling that size, which is challenging. For Seed round to Series A, we’re more or less okay, but there is a huge gap after the Series A round. Everything after that point is non-existent in Spain.”

As a result, securing foreign capital is common for growth-stage and scaling companies, which can, in turn, give companies access to other markets internationally. The founder of one scaled company said, “Once you get past Series A, you automatically have to go abroad.” And while the local VC market is moving in the right direction, its level of maturity in Spain still brings frustrations for entrepreneurs who have ambitions for building the country’s local ecosystem.

The same founder continued, “Many companies that gain traction and have potential to grow get acquired. While they get a lot of congratulations, the truth is it should be the other way around. They should be acquiring other companies, and that’s not happening. It’s moving in the right direction, but I don’t see very big VCs in the space yet.” If more local VCs had the capability to fulfill capital needs for companies at later stages, it would not only help make for better deals — as local investors are more knowledgeable on the local market and can better support founders as they grow their companies — but it would also help retain wealth locally when exits happen.



Access to Customers

Only 29 percent of founders reported customer acquisition as a major or severe challenge to growing their business. Companies that sell directly to consumers encounter fewer problems than those with a B2B model. As one founder of a fintech company stated, "It's a mature market, it's digitalized, it's not a challenge at all. Of course it's not as big a market as some, but it's not hard at all." One entrepreneur, who has experience with both B2C and B2B and models with different companies, said, "It was very easy with my last company. My new company is a SaaS, and that's more difficult."

Selling to companies can bring an extra layer of complication, as explained by one entrepreneur, "The key objective is to meet the right person in the customer's business. We're proposing to our clients to use technology to make them more digital, and that involves a lot of departments inside the client. That's why having the right support inside the company is key for us." This proposition was made more difficult for that founder by the COVID-19 pandemic, the uncertainty of which led their potential customers to reconsider their budget allocations for new technology.

Although Spain is a tech-savvy country with a population willing to embrace new technologies, the traditional mindset in Spanish culture makes it hard for local companies to compete and retain the value they create. One founder reported, "We do not support startups as much as we should. We like big brands, and in Spain new customers are always a huge challenge."

When asked how they have overcome the challenge, some said that it became easier once they had landed their first major client, suggesting that trust in new tech is an important hurdle to overcome. According to one, "What was important for us was having our first contract with a utility. That helped us reach people. Utilities don't tend to take risks, so that was a good signal to investors and then customers."

Many Spanish companies have global ambitions, and several respondents noted a difference between Spanish and international customers. Some local tech companies focus mostly on the international market, with one entrepreneur stating, "The Spanish market doesn't trust a lot in technology; it trusts more in cost effectiveness. That's why I have more international than Spanish clients."



VI. Support Systems

There are several actors in any entrepreneurial ecosystem that make it possible for founders to succeed. The network map on the next page shows all of the actors in the tech sector that are providing resources to local tech companies. This adds support organizations and investment firms to the previous visualization of founder-to-founder connections, to identify the fuller picture of previous employment, mentorship and other support, and investment connections. Similarly, the size of the bubble is a function of the number of first-, second-, third-, etc. degree connections that the entity has to others in the network. Organizations that offer multiple programs are represented only once on the map.

SUPPORT ORGANIZATIONS

Endeavor Insight collected data on more than 450 organizations that have supported local tech companies, of which over 50 are headquartered in Spain. These include investment firms, banks, public sector initiatives, and those offering other forms of entrepreneurial support, such as accelerators and incubators.

Most of the programs in Spain that were included in the study focused on early stage companies — those that have proved a business concept and are now building demand and financial sustainability. Only 16 percent of Spanish organizations that served the tech companies in this study provide support for companies at the pilot or ideation stage, with those that do being predominantly public sector bodies and universities. Only 5 percent of the local organizations provide support for expansion stage companies. This would include international expansion and significant product portfolio diversification.

During interviews, founders who had participated in an entrepreneurship support program were positive about the value they received. Half of interviewees said that the networks and connections that they made during the programs were of great benefit. Those networks included peer entrepreneurs, as well as more experienced founders and mentors. According to one, “It was useful to see other entrepreneurs with their experience, to know their capabilities and know that we’re not alone. The knowledge we learned and the networking we got were great.”

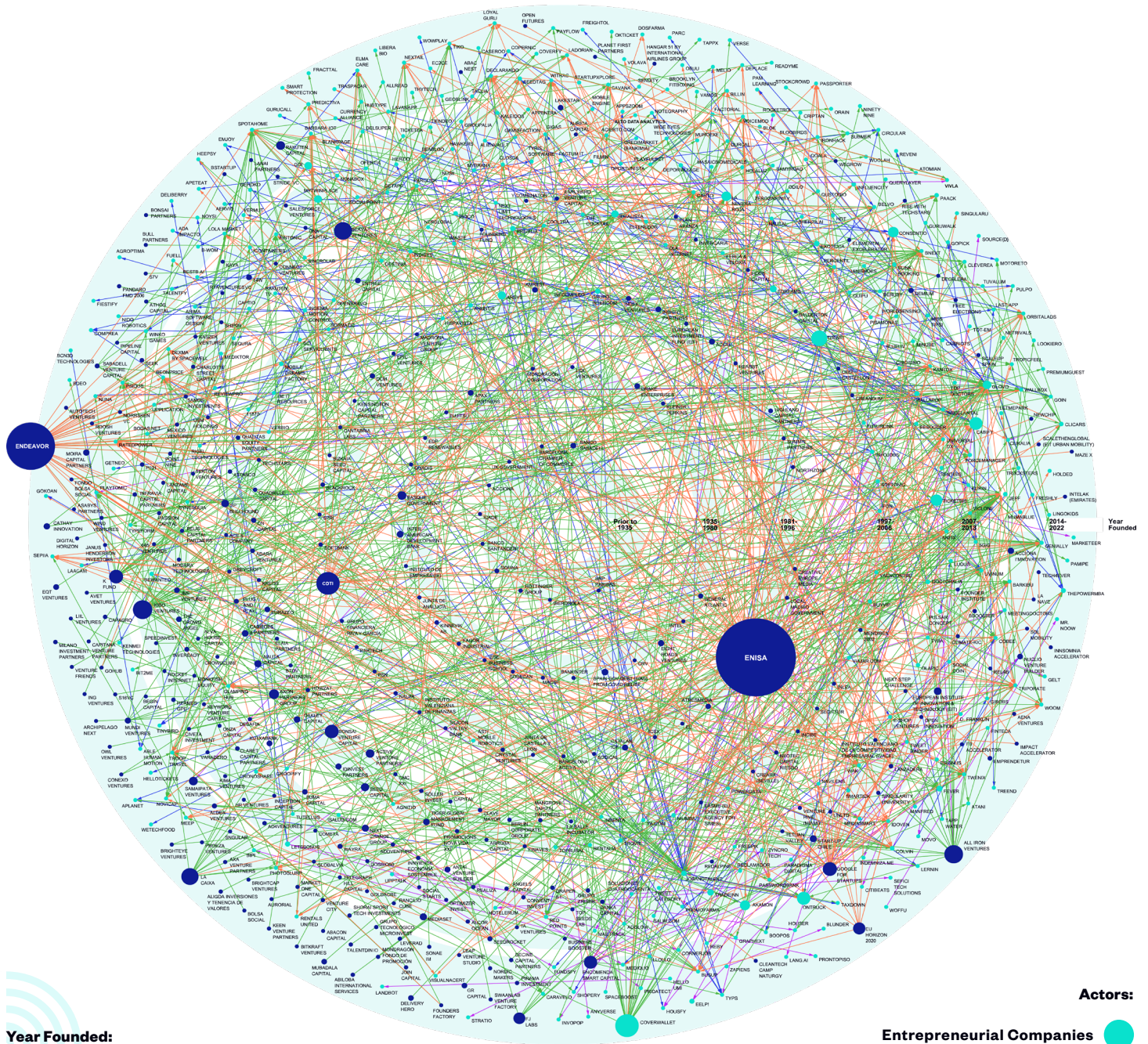
Another important aspect was the business education that they received, especially coming from experienced mentors that they connected with. As one founder stated, “They taught me everything regarding the business model, finance, and the company.” A smaller proportion of respondents highlighted the access to capital that they gained from a program or the stamp of approval that participating in such a program gave their company, which proved useful when embarking on funding rounds.

Endeavor Insight asked founders which aspects of the support programs were unhelpful, and three main criticisms were noted. Many stated that the program curriculum was too broad, and not tailored to their business type or model. Several founders said that some programs were a waste of time or that the quality was not as high as they had been led to believe. As one founder summed up, “Some mentors were not that useful and it’s too time consuming.”

“We want to contribute to changing the ecosystem in Spain so that entrepreneurs have the ambition and hope of turning their companies into global leaders. Our entire team is focused on helping them at each stage with what they need so that they have the best resources at their fingertips and can compete with the rest of the international companies.”

- Beatriz González, Seaya Ventures and Endeavor Spain Board Member

NETWORK MAP OF SPAIN'S TECH SUPPORT SYSTEM



Year Founded:

- Prior to 1935
- Between 1935 and 1980
- Between 1981 and 1996
- Between 1997 and 2006
- Between 2007 and 2013
- Between 2014 and 2022

Connections:

- **EXPERIENCE:** Former employment
- **SUPPORT:** Mentorship or program participation
- **INVESTMENT:** Angel or venture capital
- **SERIAL ENTREPRENEURSHIP:** Founded more than one company

Actors:

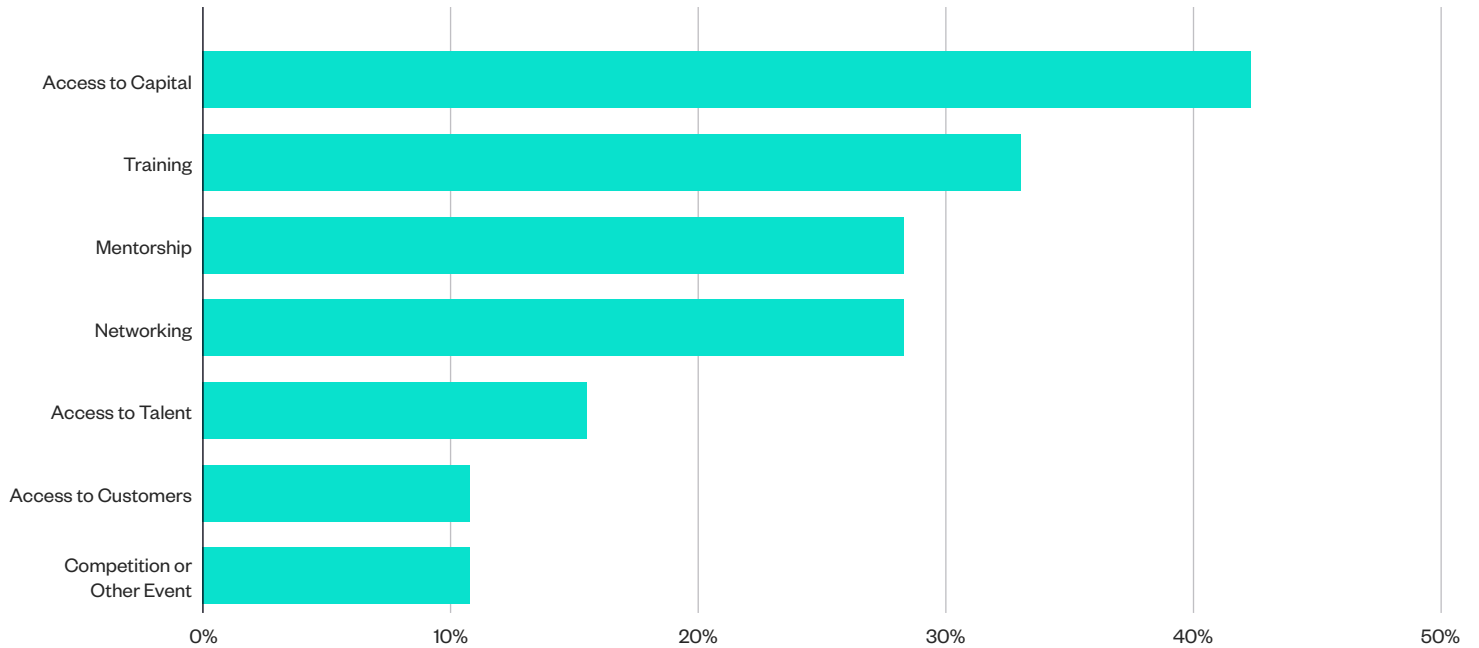
- **Entrepreneurial Companies** (represented by a light blue circle)
- **Other Organizations** (e.g. accelerators, investment firms) (represented by a dark blue circle)

Note: The size of a circle is a function of the number of first-, second-, third-, etc. degree connections originating from the founders of a company. Founders are represented by their most prominent company or organization.

Source: Endeavor Insight founder interviews and analysis, LinkedIn, Pitchbook, Crunchbase, company websites.

LOCAL SUPPORT ORGANIZATIONS OFFER A RANGE OF PROGRAMS AND SERVICES.

Services Offered by Support Organizations in Spain's Tech Sector



Note: Based on 53 support organizations based in Spain serving companies interviewed for this study. Sources: Endeavor Insight founder interviews and analysis, organization websites, LinkedIn, Crunchbase.

The most common kind of support that is offered (as described in publicly available information on the program websites) is access to capital, which is provided by more than 40 percent of local organizations. This is unsurprising as many of the local support organizations originate from VC firms and funds. The next most common areas of support

that organizations offer are business training, mentorship, and networking, as the graph illustrates. Few organizations were explicit about any activities that support founders with access to talent — the highest ranking challenge among tech founders — which exposes a major gap in the ecosystem.

NOTABLE INSTITUTIONAL INVESTORS IN SPAIN

Public and private capital providers.⁶⁵

4Founders Capital	BeAble Capital	Encomenda Smart Capital	Mundi Ventures
Abac Nest	Bewater Asset Management	ENISA	Catalonia
Adara Ventures	Bonsai Partners	Gestión de Capital Riesgo del País Vasco	Sabadell Venture Capital
Aldea Ventures	Bullnet Capital	Institut Català de Finances (ICF)	Samaipata
Angels Capital	Caixa Capital Risc	Inveready	Seed Capital de Bizkaia
All Iron Ventures	CDTI	JME Venture Capital	Seaya Ventures
Axis /ICO	Clave Mayor	K Fund	Swanlaab Venture Factory
Axon Partners Group	Easo Ventures	Kibo Ventures	TheVentureCity
Bankinter			

Note: This is not an exhaustive list and does not include corporate entities.

INVESTORS

Venture capital has grown significantly in Spain.

In 2021, Spain attracted a record €1.9 billion in venture capital with over 690 deals.⁵⁹ In the first half of 2022, the amount of venture capital and private equity raised was €5.165 billion, which is a 170 percent year-over-year increase.⁶⁰

While international venture capital continues to play a significant role, local firms are increasingly contributing to the Spanish ecosystem. Venture capital in Spain was driven by public administrations when it started in the mid-1970s, but private operators have since grown, and by 2005 only 18 percent of registered entities were public.⁶¹ There are now more than 400 venture capital funds in Spain, with more than 170 of those located in Madrid and 120 in Barcelona.⁶² The geographic diversity of Spain's entrepreneurial ecosystem is reflected in the network of venture capital firms. Madrid and Catalonia dominate, but firms are also operating elsewhere in the country.

PUBLIC SUPPORT

The two most common sources of public support for Spanish tech startups are **Enisa** and **CDTI**. Of the Spanish tech companies surveyed by Endeavor Insight, 54 had received support from Enisa, and 24 from CDTI. Several of these had received funding from both.

The Empresa Nacional de Innovación SA (Enisa, National Company for Innovation), a state-owned company within the Ministry of Industry, Commerce and Tourism, provides entrepreneurial SMEs with financial support, usually in the form of loans.⁶³ The Centro para el Desarrollo Tecnológico Industrial (CDTI, Center for the Development of Industrial Technology) is a public company administered by the Ministry of Science and Innovation. Its focus is funding and supporting technological development and innovation, either from its own funds or in cooperation with EU research and development initiatives.⁶⁴

MENTORS

Mentorship from experienced founders is crucial to the future of the sector.

From interviews, it was clear that founders consider the culture among entrepreneurs to be collaborative and open. Although formal mentorship is still not as strong as in some European or North American ecosystems, informal networks play a vital role in facilitating knowledge transfer and forging connections.

Those that have struggled to access networks or find quality mentors often cited the immaturity of the ecosystem as a factor. One healthtech entrepreneur explains that, “The biggest problem of being in Spain is

that there’s not really senior advisory talent. I haven’t found one person that really has the level and at the same time is able to dedicate time in terms of mentoring.”

The lack of local mentors with first-hand experience scaling a company means that many entrepreneurs have to look elsewhere for support. Investors and support organizations such as Endeavor and Google for Startups were mentioned by more than 40 percent of respondents as providing important mentorship and helping to develop networks and international connections.



“Having access to the right mentors can really 10x your speed of learning. In my case those mentors even opened up their networks to help me, transferring in a way their well-earned reputation and credibility to me. That combination was a clear game changer for me and I’ll be forever grateful.”

-José del Barrio, Founder of Samaipata

“Mentorship was important for me when I started. It’s so important to boost the ecosystem and get good mentors in.”

-Oscar Pierre, Cofounder of Glovo



UNIVERSITIES

Universities play an important role in the development of the local tech sector. Local facilities can often support the development of innovative products and services that eventually go to market.

Around one-quarter of interviewed founders that noted ongoing support with universities collaborate on research, and a similar number give classes at universities. But many feel that links could be strengthened to provide more mutual benefit. As one founder notes, “We have agreements with quite a few universities, it’s something I have tried to forge. Sometimes successfully, sometimes not so much. Ideally this has to be improved in Spain: structuring the right incentives for universities to engage and link with companies such as ours.”

In Spain, graduates of local technical programs provide essential talent to growing businesses. Several companies have ongoing collaborations with universities, around half of which involve internship or training programs, sometimes with reciprocal tuition. The founder of one such company sums up their collaboration, “We studied there and

have the opportunity to talk with them and gain knowledge. We have also built partnerships for trainees with them.”

There are opportunities for universities to better support the pipeline by ensuring that curricula are aligned with the most pressing talent needs of scaling companies in their area. Some suggest that universities should ensure proficiency in English, as that is the primary language among many entrepreneurial tech companies in Spain. In addition, academic programs can help encourage entrepreneurship as a career path, especially among underrepresented groups such as female students. As founders often meet their cofounders while attending university, this is an important training ground for the future of the ecosystem.

Decision makers can start by coordinating with the universities that are already generating the country’s successful entrepreneurs. The table below lists the most common universities attended by tech entrepreneurs who went on to scale their companies. Half of the top universities are located in the Catalonia region.

MOST COMMON UNIVERSITIES ATTENDED BY FOUNDERS OF SCALED TECH COMPANIES IN SPAIN

Rank	University	Region
1	Universitat Politècnica de Catalunya	Catalonia
2	IESE Business School	Catalonia
3	ESADE	Catalonia
4	Universidad Politècnica de Valencia	Valencia
5	Universidad Politécnica de Madrid	Madrid
6	Universitat Autònoma de Barcelona	Catalonia
7	Comillas Pontifical University	Madrid
8	Universidad Autónoma de Madrid	Madrid
9	Pompeu Fabra University	Catalonia
10	Universidad Complutense de Madrid	Madrid

INTERNATIONAL CORPORATIONS

Spain is already one of the world's most open markets for foreign investment, ranking ninth on the OECD's Foreign Direct Investment Regulatory Restrictiveness Index.⁶⁶ In addition to the advantages of being a member of the EU, Spain has a highly qualified workforce, low costs (relative to northern Europe), good transport infrastructure, and is in a time zone that allows working hours contact with most of the world.

Recognizing the country's advantages, international corporations have increased operations in Spain.

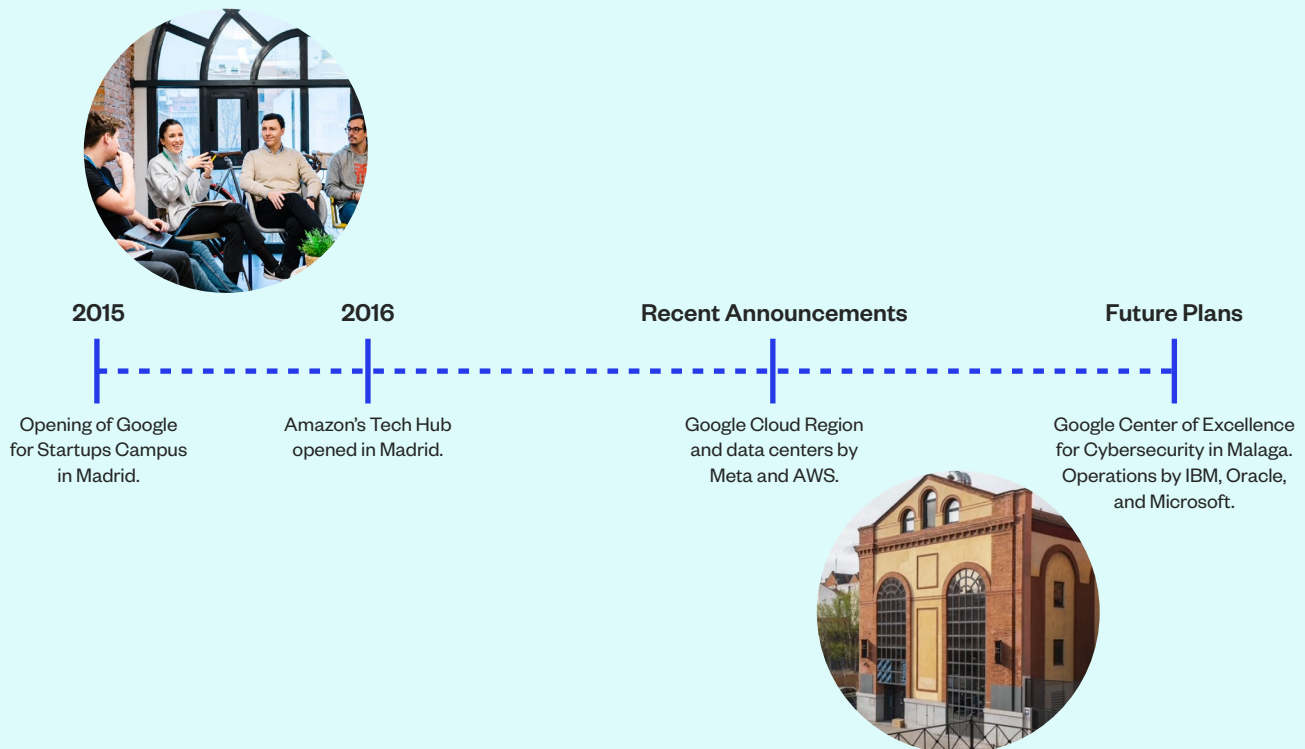
Google opened its first Spanish innovation campus in Madrid in 2015.⁶⁷ Google was followed in 2016 by Amazon, which opened a tech hub, and other big tech companies are also establishing bases in the country. Meta has committed to employing more

than 2,000 people locally through a new data center close to Madrid, Amazon Web Services is opening three new data centers to support its cloud services, and Google has similar ambitions, with three new data centers slated for the Spanish capital.⁶⁸ Other international giants, such as IBM, Oracle, and Microsoft, have also announced plans to expand operations in the country.⁶⁹

International Tech Companies Play an Important Role in Spain's Tech ecosystem.

Although many founders are experiencing a challenge with access to talent due to competition with major tech firms, many founders reported several benefits that corporations provide. Nearly two-thirds of interviewed founders agreed that international tech corporations provide important products and services that

INTERNATIONAL TECH CORPORATIONS ARE INCREASING OPERATIONS IN SPAIN.



Source: www.thelocal.es/20220321/meta-ibm-google-amazon-how-thousands-of-tech-jobs-are-being-created-in-spain.

help their companies scale faster, and more than half of respondents noted that such firms help create jobs in Spain.

In Málaga, the relationship between entrepreneurial success and an international corporation has helped develop the local ecosystem. **VirusTotal** was founded in 2004 and provides antivirus scanning services. The company was acquired by Google in 2012, which made it the first major foreign acquisition of a Málaga company.⁷⁰ The founder Bernardo Quintero is attributed in leading Google's decision to open its center of excellence in cybersecurity in Málaga.⁷¹

“At their best, startups solve some of the world’s most important problems. When they succeed, our communities and economies succeed. That’s why in Google for Startups we run programs, share resources, build campuses, and support a global network of leading tech hubs, accelerators, and organizations in the world’s fastest-growing markets. We connect startups with what they need to help them grow.”

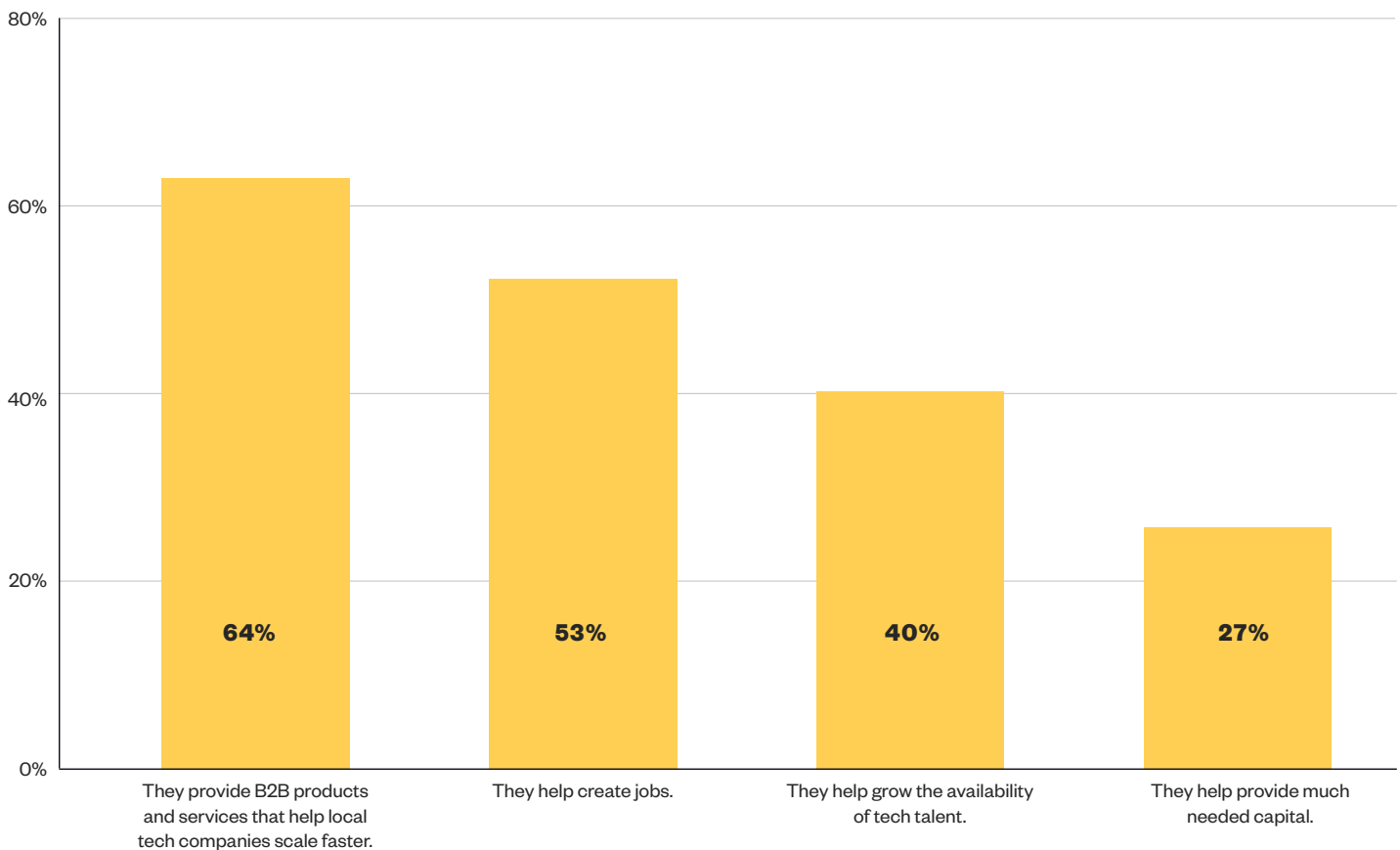
-Sofía Benjumea, Head of Google for Startups, EMEA



Pictured: Sofía Benjumea (Google)

FOUNDERS REPORTED BENEFITS AND DRAWBACKS ABOUT THE ROLE OF INTERNATIONAL TECH COMPANIES

Percentage of Respondents Who Agree or Strongly Agree



Notes: Data is based on the 85 founders who responded to each respective question. Source: Endeavor Insight founder interviews and analysis.

FOUNDER-LED INITIATIVES

A Group of Scaled Companies Unite as EsTech to Advocate for Entrepreneurs

In March 2022 a new consortium, España Tech (EsTech), was set up by the founders of nine scaled companies: **Cabify, Factorial, Filmin, Glovo, Wallbox, Holaluz, Neuroelectrics, Jobandtalent, and Red Points.**⁷² EsTech hopes to lobby and coordinate with political leaders at the national and EU levels to bring policy changes that can further boost the entrepreneurial ecosystem. The group's advocacy broadly breaks down into three areas: promoting talent development in Spain and attracting international talent to the country; influencing regulation on a national and EU level; and raising

the profile of scaled companies on the national and global levels.⁷³

EsTech is supported by Adigital, a digital business association, Endeavor, and the Spanish association of VC firms, SPAINCAP (formerly ASCRI).⁷⁴ The group is likely to bring on more high growth startups as it matures.

One of the aims of the group is to inform public perceptions of the contribution of scaled companies to employment, the wider economy, and the environment.⁷⁵ This would help to address a commonly held perception that Spanish culture is averse to celebrating the success of startups.



As one founder said when interviewed by Endeavor Insight, “Culturally Spain is still biased towards seeing people that want to create a company and be successful as something unethical or wrong. It’s a mindset that sees being successful or rich as a bad thing. I don’t think in Spain there’s a fear of failure, there’s a fear of success.”

The group hopes to bring wider attention to facts such as those reported in 2021 by the Scaleup Spain Network. Its report stated that “scaleups” — defined as startups that have achieved at least €1 million in annual revenue and/or €1 million

in investment — generated 324,000 jobs in 2020, up by 28 percent over 2019, and expect that number to have doubled in 2021.⁷⁶ The fact that this strong growth occurred during the worst period of the pandemic speaks to the resilience of such companies. Previous Endeavor Insight research has shown that scaled companies are well placed to support economies and create employment during economic crises.⁷⁷ Scaleup Spain also estimates that investment in Spain’s startup ecosystem rose threefold in 2021, to €4.3 billion.⁷⁸



VII. Regional Analysis

Catalonia Network Map

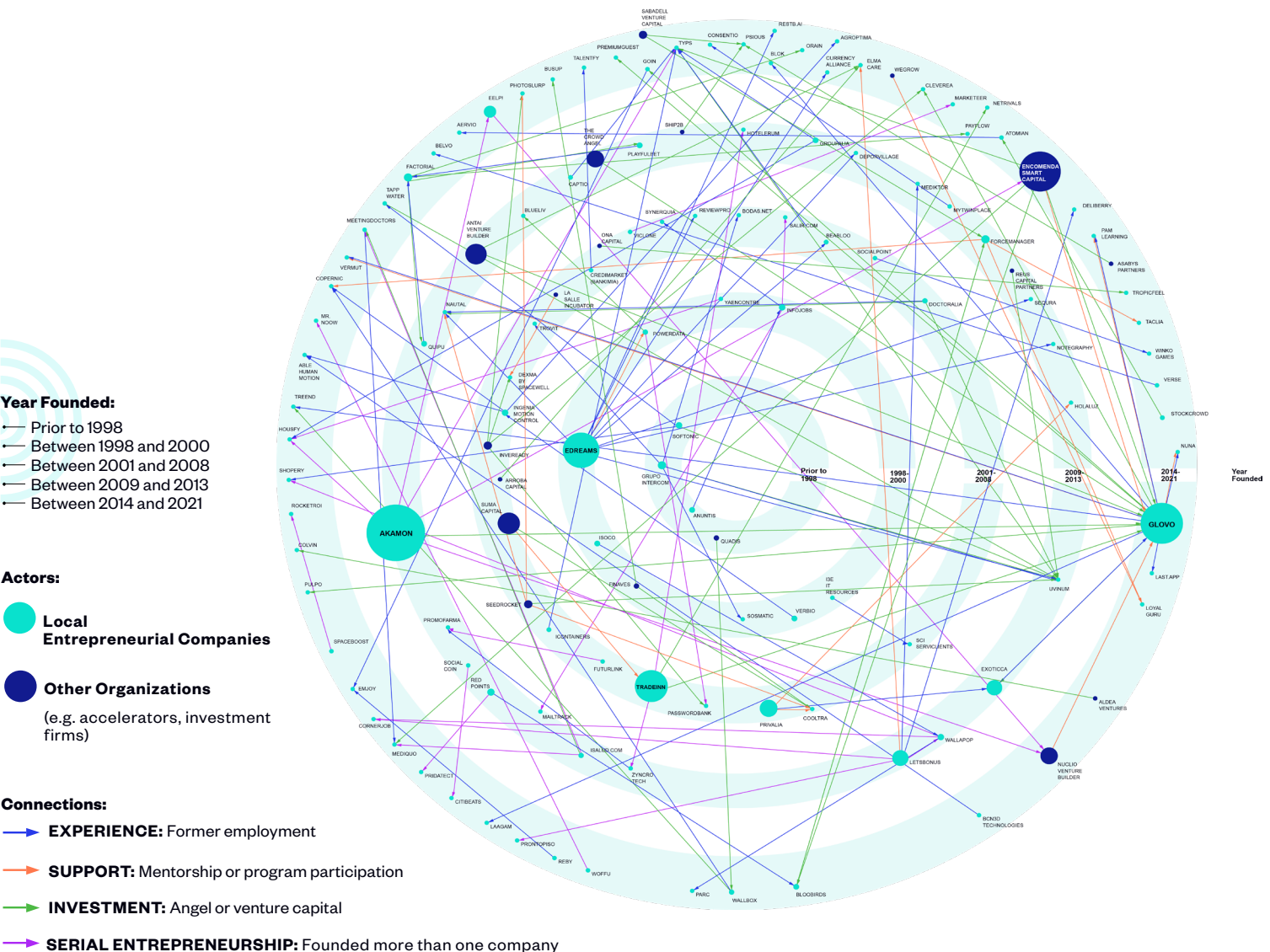
Spinouts: More than 50 companies in Catalonia were founded by people who previously worked at other local entrepreneurial tech companies in the region.

Serial Entrepreneurs: More than 15 entrepreneurs in Catalonia have founded more than one local tech company.

Investment: Local institutional investment is more common in Catalonia than in Madrid.

Influential Tech Companies: The most influential companies in the region in terms of founders providing investment or mentorship, or generating spinout companies, have been eDreams, Glovo, and Tradeinn.

Notable Investors: 4Founders Capital, Abac Nest, Aldea Ventures, Caixa Capital Risc, Encomenda Smart Capital, Inveready, Nauta Capital, and Sabadell Venture Capital, among others.



Much of Spain's entrepreneurial activity is concentrated within geographic regions. One founder lamented that "You have different initiatives in different regions, but Spain is six countries, not one, and they don't link. You have Madrid, Barcelona, Málaga, Bilbao, and they're all trying to create their own ecosystem without joining forces to make one Spanish ecosystem." Catalonia and Madrid are the two regional hubs with the greatest concentration of entrepreneurial tech companies.

Madrid Network Map

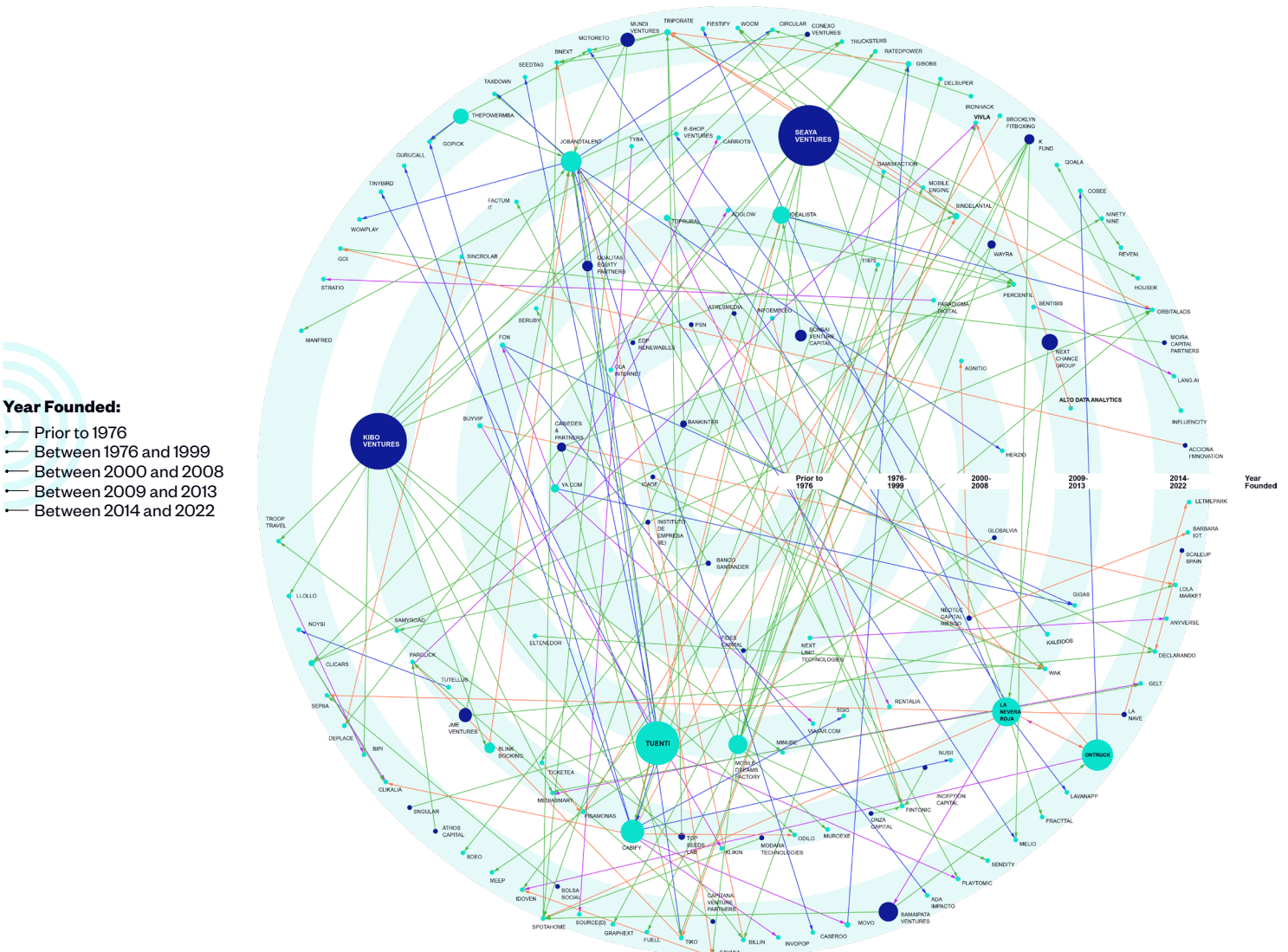
Spinouts: More than 25 companies in Madrid were founded by people who previously worked at other local entrepreneurial tech companies in the region.

Serial Entrepreneurs: The Spanish capital has the greatest concentration of serial entrepreneurs, with almost 20 local entrepreneurs having founded more than one tech company.

Investment: Local angel investment among regional entrepreneurs is at similar levels in Madrid and Catalonia.

Influential Tech Companies: The region's most influential companies, in terms of connections identified by Endeavor Insight, are Cabify, Tuenti, OnTruck, and La Nevera Roja.

Other Notable Investors: Adara Ventures, Axon Partners Group, Bankinter, BeAble Capital, Bonsai Partners, Bullnet Capital, JME Venture Capital, K Fund, Kibo Ventures, Mundi Ventures, Samaipata, Seaya Ventures, Swanlaab Venture Factory, and The Venture City, among others.



Note: The size of a circle is a function of the number of first-, second-, third-, etc. degree connections originating from the founders of a company. Founders are represented by their most prominent company or organization.

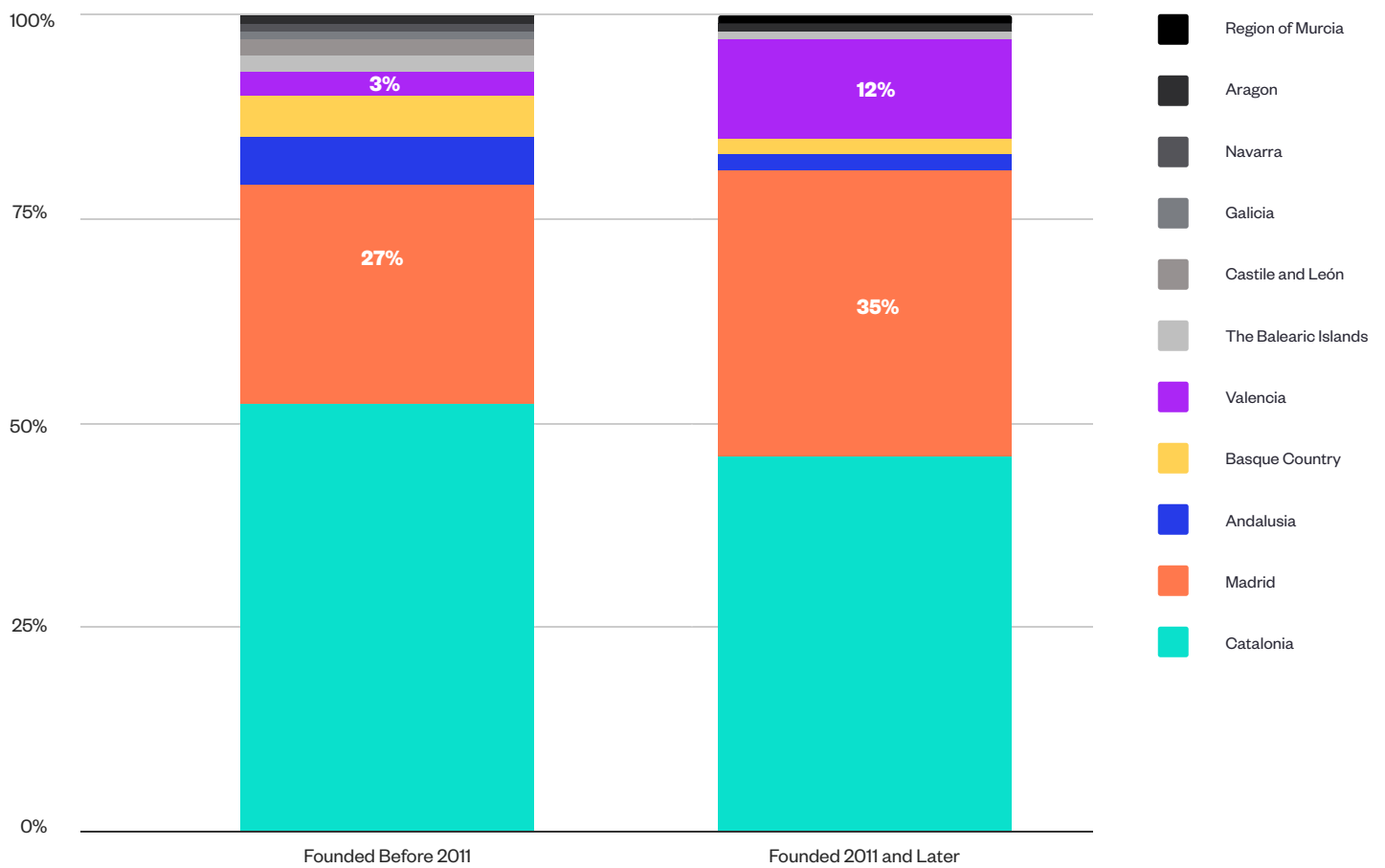
Source: Endeavor Insight founder interviews and analysis, LinkedIn, Pitchbook, Crunchbase, company websites.

As the ecosystem has evolved over the past 10 years, Madrid and Valencia have increased their prominence in generating scaleups.

In the past decade, Spain has added hundreds of new entrepreneurial tech companies across several regions. Between 2011 and 2021, more than 281 entrepreneurial tech companies were founded in Spain, creating over 33,500

jobs. More than one quarter of these younger companies have scaled to over 50 employees. The regions with the most per capita growth in the number of tech companies during this time were Madrid, Catalonia, Valencia, the Basque Country, and Navarra. Valencia and Madrid have become more prominent in generating tech companies that go on to scale. Andalusia is the other main hub, with several companies based in Málaga and Seville.

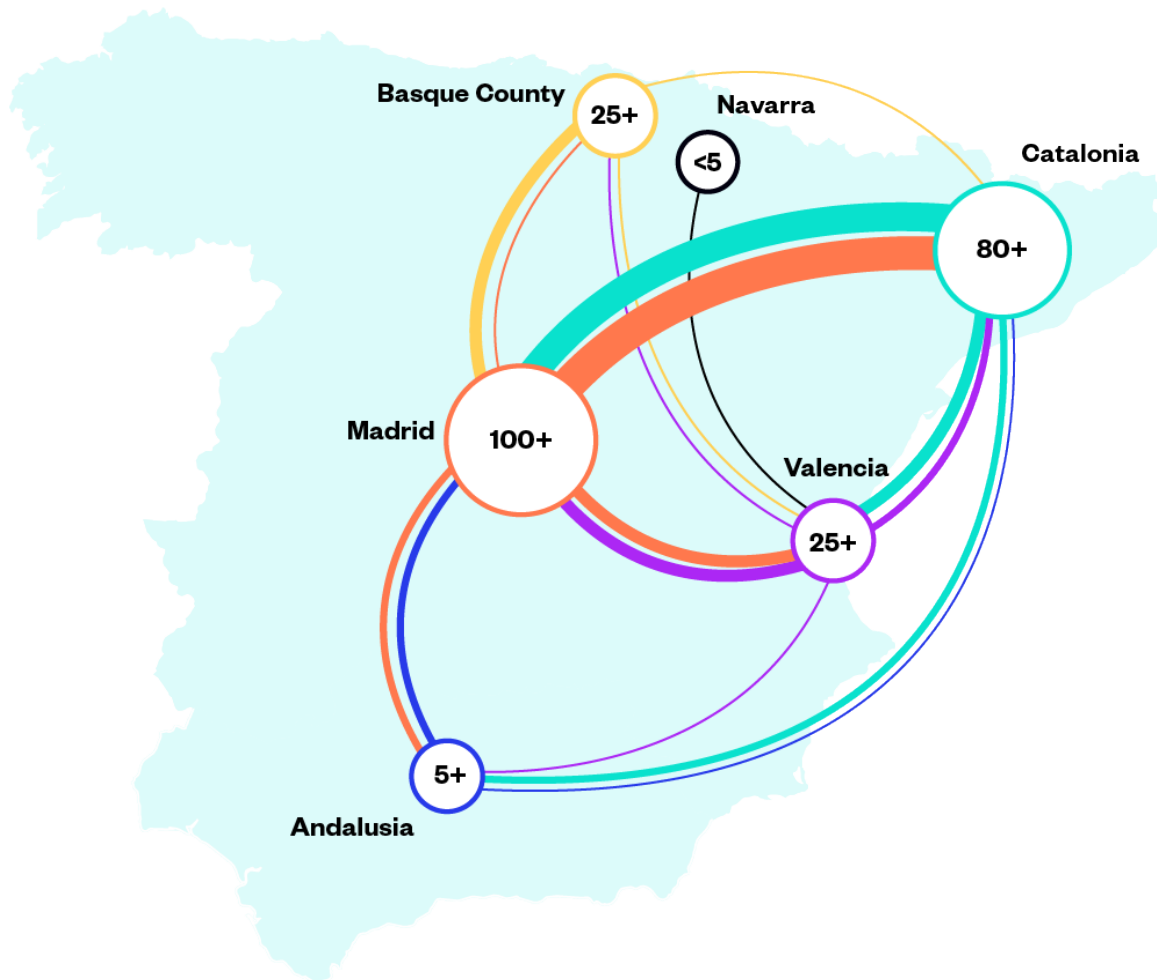
CHANGE IN THE REGIONAL DISTRIBUTION OF SCALED COMPANIES IN SPAIN



Note: Scaled companies are those with 50 or more employees. Based on 241 tech companies where data was available. Sources: Endeavor Insight analysis, LinkedIn, Crunchbase, PitchBook, company websites.

INTERREGIONAL CONNECTIONS SUPPORTING SPAIN'S TECH ENTREPRENEURS

The types of connections flowing from each region include mentorship, angel investment, institutional investment, support organization participation, and former employment.



Note: Data represents outgoing connections originating from founders, support organizations, and investors based in a given region that benefited a company located in a different region. Interregional lines with at least two outgoing connections are depicted. Sources: Endeavor Insight founder interviews and analysis, Crunchbase.

Interregional connectivity is important to the development of the ecosystem.

In many European countries, entrepreneurial activity is concentrated in a single city, often the capital. In Spain, there is substantial activity in more than one metropolitan area, with important growth happening in regions throughout the country. It is important for Spain to leverage this widespread activity to foster better coordination between the regions.

Personal and informal networks are common in Spain, but often do not extend beyond a company's own province. To better facilitate interregional connections, it is helpful to identify the different strengths and characteristics of

each hub. Madrid is the financial and commercial center of Spain, so it has the best connections for founders of finance, fintech, or B2B companies. Catalonia has proportionately more specialty tech companies serving industries such as HRtech, healthtech, and propertytech. Valencia has growing numbers of gaming, mobile app, and e-commerce companies, and Basque Country has several manufacturing and IoT companies.

Endeavor Insight tracked the interregional connections, including mentorship, employee spinouts, and investment that are exchanged between Spain's geographic areas. As the graph illustrates, there are more than 100 connections from Madrid to other regions, and more than 80 from Catalonia to other regions.

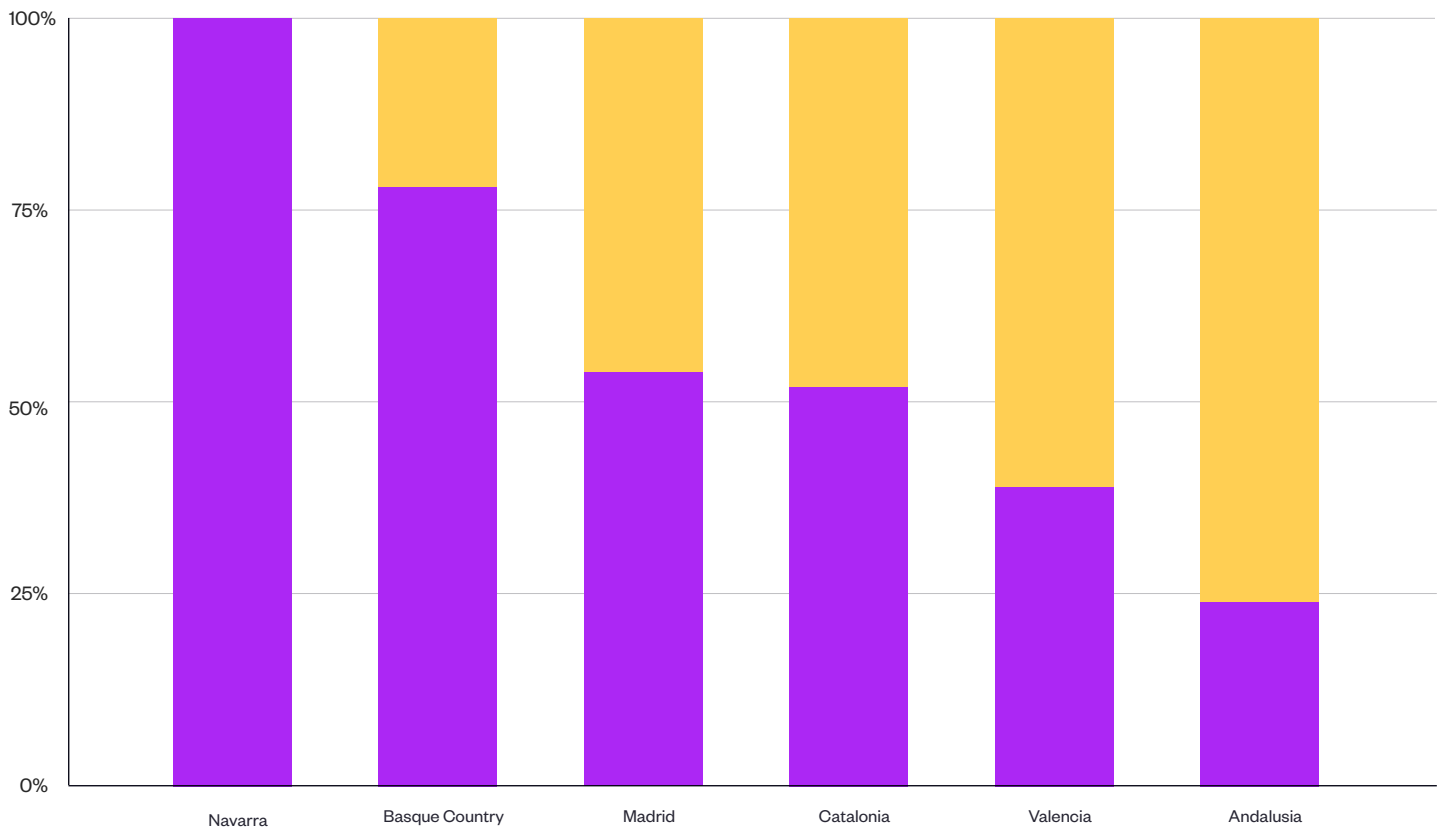
When looking at the net impact of specific regions, Navarra, the Basque Country, Madrid, and Catalonia provide more connections than they receive — largely via VCs such as Seaya Ventures (Madrid) and All Iron Ventures (Basque Country), while Andalusia and Valencia absorb more support from other regions than they provide.

Support organizations and institutional investors are currently positioned to provide links between Spain’s different hubs. According to one scaled Endeavor Entrepreneur, “Most communication

is local. Endeavor is doing a good job connecting, it’s through Endeavor that I see companies from other places. VCs like Seaya also do this.” However, more should be done to encourage founder-to-founder exchanges such as angel investment and formalized mentorship as these have been shown to boost the next generation of founders in their ability to scale.

PERCENTAGE OF SPAIN’S INCOMING AND OUTGOING CONNECTIONS BY REGION

■ INCOMING ■ OUTGOING



Sources: Endeavor Insight analysis, LinkedIn, Crunchbase, PitchBook, company websites.



VIII. Recommendations

Decision makers in Spain should now work to align their efforts around the needs of these founders and take action that lowers barriers for the most promising companies. The recommendations in this section are organized by specific actors in the ecosystem. As a general guide, everyone who believes in the importance of entrepreneurship can align their efforts around these four actions to create a more self-propelling ecosystem.*

1

Focus on scale.

As Spain's tech network continues to mature, it is crucial to focus on the fastest-growing companies that have the most potential to benefit the local economy. More tech companies need to reach scale, and it should be easier for more businesses to grow their operations locally. The successes of the local tech sector are apparent, but a more enabling environment will help retain the most promising companies.

2

Understand local constraints and capacities.

This study outlines current barriers that are preventing founders from scaling their companies. As the ecosystem matures and new subsectors emerge, founders will face different challenges. Decision makers should continue to listen to the experiences of entrepreneurs, especially those that have already scaled, as they will be aware of the local context, and their knowledge will be most useful in designing solutions that reduce constraints for the entire ecosystem.

3

Encourage founder reinvestment. Strong founder-to-founder relationships are important for fostering a productive entrepreneurship ecosystem. The value of peer-to-peer learning is immense, and more can be done to help cultivate those connections in Spain's tech sector. The positive perspective that most founders have about the development of the ecosystem can be leveraged to increase the connectivity in the ecosystem. As more leaders of entrepreneurial companies reach scale, they should be encouraged to serve as mentors and angel investors for up-and-coming founders.

4

Place value on local entrepreneurship. The persisting negative perceptions of entrepreneurship as a career path and local tech companies as viable economic contributors will hinder growth in Spain. Decision makers should celebrate local successes among founder-led companies, including listings on the local stock exchanges. They can also encourage angel investment networks and founder-to-founder mentorship to ensure that value is reinvested in the local ecosystem.

* For more on self-propelling ecosystem development, go to endeavor.org/self-propelling-ecosystems.

RECOMMENDATIONS FOR POLICYMAKERS AND PUBLIC INSTITUTIONS

National and local governments should create a more enabling environment for growth stage companies by addressing the needs of scaleup founders.

Legislation to support Spanish tech startups is improving, but more needs to be done to support local companies and minimize the risk of relocation. One founder stated, “The regulatory bodies are not the most friendly. If I was to build a company again, I’d think twice about starting it in Spain, though I see the advantages of having your HQ here. Maybe incorporate in Delaware or Berlin and have the operational base in Spain.”

Decision makers should work with entrepreneurial stakeholders to create legislation addressing the main barriers that prevent the most promising tech companies from growing. One of the greatest challenges in Spain — and worldwide — is access to talent, and current trends suggest that this challenge is growing as both traditional and entrepreneurial companies expand their tech teams to keep up with the new economy.

Adigital, the Spanish Association of the Digital Economy, considers the difficulty in attracting workers and generating jobs in tech companies in Spain to be a brake on growth and competitiveness. The tightness of this market is illustrated by the fact that there is almost full employment for tech professionals in Spain, a country that has an overall unemployment rate of 13.1 percent, rising to 27 percent for under-25s.⁷⁹

Spain is introducing a digital nomad visa, which is an important step to support Spain becoming a destination for foreign

founders and talent. Several of Spain’s entrepreneurial leaders have relocated because of the country’s quality of life including François Derbaix, angel investor and serial founder of **Toprural** and **Rentalia** originally from Belgium, and Avi Meir who moved from Israel to Barcelona to attend IESE Business School and decided to stay because of the quality of life before cofounding **TravelPerk**.⁸⁰

Examples from other European countries suggest that more can still be done to help attract people with specialized skills. There is a new regulation that aims to boost professional training and increase the efficiency of public-private partnerships in the field, but there remain opportunities for closer collaboration among public administrators and educational institutions to execute these new policies to meet the real training and talent needs of scaleup tech companies.

While the startup law introduced in 2021 makes processes less onerous for early stage companies, it contains few measures to address persisting gender and social divides, and does little for late stage or internationally focused companies. Specific changes to the law that would support scaleups include:

- Removing the €5 million revenue limit and extending qualification to companies that are more than five years old.
- Extending the benefits for startups to companies at later stages of growth
- Improving regulations on tax residence in Spain to boost the return and attraction of talent.

“Spain has created legislative and public funding tools to consolidate a business network based on the entrepreneurial culture, technology and high growth. These public instruments should be constantly reviewed to measure their impact in the ecosystem and their capacity to scale new companies.”

- César Tello, General Director of Adigital

Public institutions such as universities and early workforce development programs should encourage entrepreneurship as a career path, help match potential cofounders, and improve the pipeline of talent.

Universities in Spain, particularly public universities, have little focus on entrepreneurship compared to their peers in northern Europe. As one founder noted when interviewed, “There’s not a big push for universities to teach entrepreneurs. They need to start teaching people how to manage a business, how to deal with a VC, funding rounds, and what types of different businesses there are. Anyone can be an entrepreneur, everyone should understand how it works.”

Policymakers in the department of education should work together with entrepreneurs and public universities to improve the structures that connect the private sector with universities.

This should include:

- Programs that help encourage, identify, and support promising students (especially female students) to build networks and develop their ambitions for entrepreneurship.
- On campus events and projects that help students from different degree programs (e.g., STEM and business) identify potential cofounders and develop business ideas.
- Incentives for universities to work with existing tech companies in their city so that academic curricula better prepare graduates with the skills needed for entry level positions.
- Increased use of campus facilities and labs to support R&D of hardware-based tech innovations with clearer go-to-market support.

Other European governments can serve as examples for Spain’s future legislation. Comprehensive government policies and programs that are founder-friendly tend to focus on access to later-stage capital and international expansion, ease of starting a business, innovation and R&D, visa programs, and employee stock options.

POLICY EXAMPLES

France: The French government supports late-stage tech entrepreneurs through its Next40/120 program, by testing new policies and services with selected companies, receiving input from entrepreneurs before changing regulations.⁸¹ The French Tech Mission’s remit is now expanding, with greater incentives for investors to provide late-stage capital and plans to place officials from the agency into every ministry of the government in order to increase responsiveness to entrepreneurs’ needs.⁸²

Italy: In 2020, the Italian Ministry of Economic Development (MISE) dedicated €200 million to the National Innovation Fund, a “fund of funds” to back innovative firms, as well as €500 million for the establishment of a technology transfer fund managed by the Enea Tech Foundation.⁸³

Germany: To assist with international expansion, Germany’s Federal Ministry for Economic Affairs and Climate Action (BMWi) funds the German Accelerator, which offers customized programs to companies to assess their product-market fit and help them develop go-to-market strategies.⁸⁴

Netherlands: The government offers tax incentives for startups and SMEs, a special startup visa, and support for international expansion.⁸⁵

United Kingdom: The UK has a dedicated Global Entrepreneur Programme for foreign founders to receive mentorship and support within the UK, which complements its Start-Up Visa program for foreigners who demonstrate that they have a novel and viable business idea.⁸⁶

RECOMMENDATIONS FOR SUPPORT ORGANIZATIONS

Accelerators, incubators, and networks can continue to help founders address barriers to scaling, especially by coordinating across regions.

Support organizations should tailor their offerings to better match the needs of the sector and develop more pertinent curricula according to the sector, business model, and customer type of their participants. For instance, access to talent was the greatest challenge identified by the founders interviewed for this study, but few organizations in Spain are working toward solutions in this area.

Mentoring in Spain is often conducted on an informal basis. More formalized mentorship between experienced founders and the next generation of entrepreneurs will reinforce the behaviors in the ecosystem that are known to help companies scale. Support organizations can play a role here in encouraging more successful founders to serve as mentors, and facilitating introductions.

More resources should be devoted to the programs that are already serving growth-stage companies to increase their capacity for activities that are known to

be effective such as international expansion services, introductions to investors, and peer-to-peer learning. Endeavor Insight has found that entrepreneurship communities often place too much emphasis on serving a large quantity of early-stage companies, when in fact more tailored services for the small number of growth-stage companies can produce noteworthy results.

Leaders should identify the relative strengths of each region within Spain and improve the exchange of knowledge and resources between geographies. Support programs also have an important role to play in increasing the gender diversity of the sector, by evaluating their search and selection processes to reduce bias, offering specialized services, and including more women in positions of influence.

To help align programs with the needs of entrepreneurs, support organizations should also have entrepreneurs in decision-making roles, allowing them to contribute to designing programs and making investment decisions. Successful entrepreneurs are not only the best qualified mentors for budding entrepreneurs, but can also make the best advisors for support organizations.

PROGRAM EXAMPLES

The **Scaleup Spain Network** supports and connects scaleups as they mature and transform. This free program, offered by Fundación Innovación Bankinter, Endeavor, and Wayra, helps founders anticipate challenges, develop their management team, and create a collaborative network for peer learning. The six-month program includes mentorship from some of the best scaled founders and experts in Spain and internationally. The program has served founders of 24 companies in its first two years.

The **Growth Academy program** offered by Google for Startups helps companies to increase customer numbers, generate more revenue, and internationalize their business. The **Founders Academy** is a mentorship-focused program offering global connections and leadership development. Google for Startups Spain has supported 102 startups since being established in 2015.

Valencia-based **Lanzadera** offers five different incubator and accelerator programs. It has accelerated over 900 Spanish companies since being established in 2013, with a focus on mentorship and ongoing connections.⁸⁷ Lanzadera assigns a single project director to each startup to act as mentor and guide, as well as to ensure that the support is tailored to that company.

SeedRocket is a Barcelona-based accelerator with a focus on seed stage technology-based startups. It has partnerships with Google for Startups, VCs, public sector bodies, and universities, to provide mentor-based training programs, as well as access to investors and business angels. SeedRocket mentors are entrepreneurs who have been through the programs and gone on to successfully build their companies, including the founders of Kantox, Idealista, Doctoralia, and Sin Delantal.⁸⁸



RECOMMENDATIONS FOR INTERNATIONAL TECH COMPANIES

International tech companies can have a positive impact on Spain's entrepreneurial ecosystem if they are mindful not to exacerbate challenges for local founders.

Founder interviews on the role of international tech companies highlighted that they help to raise the quality of talent, provide experience, and bring knowledge to the country. While some founders expressed concern that international tech companies were reducing the pool of available talent and contributing to salary inflation, undermines the prospects of local entrepreneurial companies, they generally valued the products they offer to support local businesses and the jobs they help create. Nevertheless, corporations should be mindful of their hiring practices to avoid distorting employment markets or creating salary pressures for local entrepreneurial tech companies.

Going forward, international tech companies can play an important role in the ecosystem by:

1. Encouraging managerial talent that have outgrown the corporate ranks to consider mentoring or serving as staff for scaling entrepreneurial companies. The managerial experience that large tech provides will increase the pool of experienced administrators, and some crossover can already be seen.
2. Acknowledging promising employees who have ambitions to become entrepreneurs, especially female employees, and supporting them as they develop and launch their own companies. Several founders of Spanish entrepreneurial tech companies started their careers at local corporations.

EXAMPLES OF FOUNDERS WHO WORKED AT INTERNATIONAL TECH COMPANIES

Three of **Paradigma's** cofounders, Ernesto Funes, Oscar Méndez Soto, and Carmen Vidal, met while working at Indra, an international IT corporation. Through a colleague they met Ignacio Cabrera, and the four founded Paradigma in 2007 before selling it to Indra in 2018. Funes and Méndez Soto are also cofounders of **Stratio**, which they spun off from Paradigma in 2014.⁸⁹

Lupina Iturriaga and her cofounder at **Fintonic** met while working at Banesto, a multinational financial services company, acquired by Banco Santander in 2012.⁹⁰

The cofounders of **Seedtag**, a contextual advertising company that utilizes AI, both worked at Google Madrid prior to launching their business in 2014. The former Googlers Albert Nieto and Jorge Poyatos have since expanded the company to more than a dozen countries and raised more than €250 million in July 2022.⁹¹

RECOMMENDATIONS FOR ENTREPRENEURS

Strong founder-to-founder relationships are important for fostering a productive entrepreneurship ecosystem.

The value of peer-to-peer learning is immense, and more can be done to help cultivate those connections in Spain's tech sector. The founders in this study already have a very hopeful outlook on the ecosystem, with 95 percent of respondents who were positive or extremely positive about the future of the ecosystem. This consensus can be leveraged to increase more formalized and frequent connectivity in the ecosystem.

This includes:

- Encouraging more leaders of entrepreneurial companies to serve as mentors for up-and-coming founders.
- Establishing angel networks and offering training on becoming angel investors.
- Inviting successful founders to serve on the boards of support organizations or as advisors for policy and program design.

ANGEL INVESTMENT EXAMPLES

One of Spain's foremost angel networks is the **IESE Business Angels Network**, founded in 2003. It has brought together more than 200 individual investors, providing financing for over 300 startups, including **Privalia**.

Antai Venture Builder was founded in 2012 by Miguel Vicente and Gerard Olivé to help fund digital businesses. Now a VC fund, it

created a vehicle through which many of the earlier generation of tech entrepreneurs invested as an angel group. It has invested in **Glovo**, **Wallapop**, and **Elma Care**, among other Spanish and international tech firms.

RECOMMENDATIONS FOR VENTURE CAPITAL FIRMS

Foreign VCs should continue to partner with local investors on rounds to create a more mature and sustainable ecosystem where wealth is reinvested in the local community when exits occur.

The number of Spanish VCs continues to grow, as do the amounts that they are able to invest. According to the Spanish Venture Capital Association, SPAINCAP, the amount invested by local private VC firms rose from €120 million in 2015 to €312 million in 2020. Over the same period the amount invested by international VCs in Spanish firms rose from €401 million to €452 million.⁹² Investment grew even more strongly in 2021, to an estimated total €1.9 billion, of which international VC firms accounted for €1.6 billion.⁹³ The strong growth in 2021 was influenced by some mega rounds, which are still the preserve of international VCs.

While local VCs are undoubtedly playing a greater role, they still lack the capacity to lead the larger rounds. Partnerships between international and Spanish investors can benefit the local ecosystem, both in terms of the exposure and experience

gained by local actors as well as in the likelihood that some of the wealth created via an eventual exit will be invested in the local ecosystem. The strategy can be beneficial for the entrepreneur, who is given access to the local expertise of the local partners, while also receiving the larger funds available from international VCs.

Other notable tech companies that have benefited from a mix of international and local VCs in funding rounds include **Spotahome** and healthtech startup **Savana**. In 2021, Spotahome raised €25 million in a round led by 14W (New York) with participation from Spain's Seaya Ventures and Alma Mundi Ventures. And in April 2022, Savana raised €25 million in a funding round led by Madrid-based Conexo Ventures alongside two other Spanish VCs, Seaya Ventures and Aldea Ventures. Cathay Innovation (San Francisco) and Knuru Capital (Dubai) also participated. The managing partner of Conexo Ventures, Joaquín Hierro Lopes, spoke of their "commitment to the healthcare sector" and of supporting Savana "in its ambitious growth and international expansion plan."⁹⁴

VENTURE CAPITAL EXAMPLES

Jobandtalent's December 2021 Series E round of \$500 million — one of the largest seen to date — was led by London's SoftBank Vision Fund. Importantly, local VCs Kibo Ventures and Alma Mundi Ventures (both from Madrid) participated in the round. Jobandtalent had earlier in 2021 raised rounds of \$88 million and \$200 million.

Glovo raised the second largest round in 2021, a Series F of €450 million that was led by New York-based Lugard Road Capital and Luxor Capital Group.⁹⁵

The third major round closed in 2021 was by **Idealista**, which closed two private equity rounds totaling €425M.⁹⁶ Each was led by a London-based firm, Oakley Capital and Apax Ventures.

Entrepreneurial companies: For-profit businesses that are started by individuals. This excludes businesses that began as government entities or subsidiaries of larger companies.

Investment types:

Angel investment: An investment in a company made by an individual, not on behalf of a business or investment firm.

Institutional investment: An investment made by a company or organization.

Venture capital: Investment in businesses that have high growth potential. Venture capitalists (VCs) often provide expertise in finance and operations, in addition to capital.

Mentorship: A relationship through which a mentee will meet a mentor; in this study, defined as meeting at least three times for a minimum of 30 minutes to discuss critical business issues.

Network: A group of actors working to support local entrepreneurs. This includes capital providers such as investors and foundations, support organizations, government and international aid agencies, and experienced entrepreneurs.

Scale: A measure of a company's growth; in this study, defined as employing 50 or more people.

Support organizations: Organizations offering skill-development programs, investment, mentoring, or other support for entrepreneurs. These include incubators, accelerators, and other programs.

Unicorn: An entrepreneurial company with a valuation in excess of \$1 billion.



Methodology

Sampling Frame:

Companies were considered “targets” and included in the sampling frame if they met the following criteria:

1. The company is local.

Companies were included if they were: a) founded in Spain, or b) currently headquartered in Spain after they were founded elsewhere. Target companies also included businesses that have closed after being founded or headquartered in the country, or those that have been acquired after being founded or headquartered in Spain. In select cases, exceptions were made when the official headquarters of the company was outside the country for legal and other reasons, but the majority of operations were based out of Spain and their founders made contributions to the local ecosystem.

2. The company fits the definition of a technology company.

Technology companies are defined as for-profit businesses whose primary activity could be described as either:

- **Software development** for enterprises (e.g., CRM and logistics systems, security software, outsourced software and app development), or consumers (e.g., mobile apps, digital gaming), or
- **E-commerce:** Internet-based or mobile-based retail or services (e.g., e-commerce, delivery platforms, content platforms, online lenders), or
- **Electronic hardware** design and manufacturing (e.g., data storage components, IoT devices, etc.), or
- **Other tech-enabled** businesses, considered on a case-by-case basis where substantial operations relate to technology (e.g., retail or manufacturing that utilizes tech-enabled business models for reaching/serving customers).

This definition excludes firms for whom software development is a secondary activity, such as consulting firms, graphic design firms, BPOs, etc., as well as businesses in which internet and mobile-based platforms are secondary platforms, such as print newspapers and brick-and-mortar retail stores, and companies for whom the creation of electronic hardware is a secondary activity, such as car manufacturers.

3. The company is entrepreneurial.

Entrepreneurial companies are for-profit companies started by individuals. They exclude businesses that began as either government entities; or local divisions of corporations based in other cities.

Data Collection:

The data collected for this project comes primarily from surveys and interviews with local entrepreneurs and stakeholders.

This study began by identifying “VIP entrepreneurs” and other stakeholders who had an in-depth perspective on the sector. VIP entrepreneurs selected for interviews were identified based on:

A) Scale – i.e., the current largest companies in the sector, or

B) Influence – i.e., companies that have made large exits, received large investments, or were otherwise noteworthy or influential.

The responses helped characterize the relationships between founders and establish a list of the sector’s most “influential organizations,” i.e., organizations with outsized influence. They also provided critical data on the challenges, network characteristics, and subsector dynamics that helped inform later analysis.

The resulting primary company list formed a basis for the study, along with additional companies identified through other sources including databases such as Crunchbase and Pitchbook, as well as the portfolio companies of investors and entrepreneurship support organizations operating in the city. Only target companies moved forward for further investigation, i.e., those fitting the aforementioned criteria. Entrepreneurs from the target list received invitations to set up an interview via video conference. This mass outreach campaign used standard questions, but the interviews were adapted as needed to be more conversational.

In order to ensure that the company list was comprehensive, a secondary list of companies was compiled from those mentioned in the interviews and surveys that were not already on the primary

list. The secondary list included additional companies sourced from the portfolio companies of those associated with the new mentions, and new companies found on LinkedIn while collecting data on entrepreneurs and companies. These secondary targets then received invitations to complete interviews. Additional data was included on investments and support organization portfolios.

Network Analyses:

Previous research by Endeavor Insight has found that there are three main connection types among entrepreneurs that drive the growth of an industry. These are:

1. Former employment;
2. Mentorship and other types of support;
3. Investment; and
4. Serial entrepreneurship.

To learn about these connections within entrepreneurship communities, the interviews focused on four core questions:

1. Who invested in your company? (This includes both angel and institutional investors.)
2. Who mentored you during the growth and development of your company?
3. What support organizations have you participated in?
4. Which of your former employees have gone on to found tech companies in your city?

LinkedIn provided data for the analysis of founder work and education histories. Additional information on support organization participation was collected from local organizations. This combined primary and secondary data formed an edge list of connections among organizations, along with a corresponding set of three types of outbound connections. The edge list then informed all subsequent network analyses and created the network map visualizations.

For all network analyses, each founder was assigned to only one company or organization. Where an entrepreneur had founded multiple companies, his or her most prominent company represents his or her influence in the analysis and on the map. This was based

on an index of founding date, number of employees, total investment, and exit sizes. Where an entrepreneur had founded an investment firm or support organization, it was the company entity that took precedence (if they founded one), followed by the founder's investment firm, followed by the accelerator or support organization.

The size of an organization's influence in the network was based on directed closeness centrality for unconnected graphs. In other words, the size of an organization was a function of the number of first-, second-, third-, etc. degree connections that the organization and its entrepreneurs had to others in the network. All connections on the map were weighted equally. Financials and employee counts did not factor into an organization's centrality.

Companies were only included in the analysis if it was possible to identify their founding year. Companies that were no longer operating were included in the analysis if it was possible to find enough data to target them. For companies that were acquired, the number of employees at the time of acquisition were used. Regional analyses omit public capital providers that fund nationally.

Limitations:

Omitted variables may have played a role in sampling, creating bias that would otherwise expose gaps in the research process. The study's interview process, verification, and analysis procedures were meant to offset any adverse effects. If gaps in or misinterpretations of the data were revealed during the analysis, the map and results were corrected. While efforts were made to be as complete as possible in data collection by using a mixed methodology for data gathering and a detailed respondent verification process, the observed data used in this study is only a highly developed representation of the entrepreneurship network in each community and may omit certain data or attributes.

Confidentiality:

Endeavor maintains confidentiality, and collected data is accessible only to Endeavor and its research partners.

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