



START:UP MANIFESTO

Slovenia, ready for the future 2014 - 2020+

"The Start:Up Manifesto defines key activities for establishing an excellent, internationally successful support environment for start-up companies in Slovenia. Its purpose is to encourage key stakeholders to take action that will help Slovenia become an attractive place for talents to flourish, and for developing fast growing companies, which will create high value added and new jobs."

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1. SUMMARY

In the year 2014, Slovenia, the European Union and the world find themselves in the most important period of the new economic revolution, the strongest and biggest one so far. It is the revolution leading us from the post-industrial era into the knowledge-based society. According to economic experts, the future will bring a divide between countries that will know how to answer challenges of a knowledge-based society, and countries in which the economic and social lag will become increasingly larger. The present Start:up Manifesto discusses key challenges and possibilities for building a globally competitive start-up ecosystem in Slovenia.

A start-up company is a newly born enterprise that has the purpose of developing a new, usually innovative product or service in uncertain circumstances and often has big growth potential. An entrepreneur with high potential creates on average as much as 3 times more jobs than an entrepreneur with average potential, and as much as 15 times more jobs than an entrepreneur with low potential. A third of dynamics of countries' economic growth can be explained with the dynamics of start-up entrepreneurship. However, for these companies to grow, we need a suitably developed start-up ecosystem.

The state of start-up entrepreneurship in Slovenia changed considerably after the arrival of the crisis – it changed for the better. Data shows that in October 2013, there were at least 147 start-up companies that employed 1400 people, and that the number of start-up companies quickly increases parallel to the number of their employees. These companies also attracted at least 53 million USD in capital. On the whole, Slovenian high-tech companies together represent only about 2-3 % of the Slovenian economy and employ about 3500 people. The industry is growing faster than the economy's average and is creating new jobs with high value added, but it is still relatively limited. Slovenia altogether exports about 1.5 billion USD worth of high-tech products, which represents about 5 % of total export. Unfortunately this is still below the EU average and far from the most successful countries. In EU, high-tech products represent 15 % of total export, while this number is as high as 44 % in Israel (27 billion USD), where the entire high-tech industry employs almost 200,000 people and 1-2 billion USD are invested into it – that is 100 to 200 times more than in Slovenia.

Start-up companies and high-tech industry in Slovenia thus do exist and are developing. Unfortunately this still happens to a too small extent to be able to restructure the entire Slovenian economy. The key question is therefore how to encourage this industry to contribute to the development of a knowledge-based Slovenian society as much as possible.

The answer lies in the development of a suitable start-up ecosystem, i.e. an appropriate support environment for start-up companies. Slovenia has already developed a general entrepreneurship support environment, but it doesn't yet bring as many results as it could, since it does not differentiate between general small business and entrepreneurship support and support of start-up companies. In Slovenia, we have already developed some foundations of the start-up ecosystem, but they aren't yet sufficient. In order to develop successful start-up entrepreneurship, we need a lot more of support activities, a higher quality of already established support services and better networking with support institutions located internationally and globally.

We strive to set a social goal for Slovenia that until 2020 we will annually:

1. Create 1,000 new jobs in start-up companies in Slovenia;
2. Connect at least 50 start-up companies with the most important start-up ecosystems in the world;
3. Create or attract at least 150 start-up companies with global potential.

But in order to reach these goals, we have to systematically invest into the development of the entrepreneurship ecosystem, which is why this manifesto presents different fields of development and running of the entrepreneurship ecosystem, where various public and private players should compete and simultaneously collaborate in order to realize their joint vision. This document also provides suggestions for preparing instruments and carrying out activities that support the development of innovative start-ups.

2. THE GAME HAS CHANGED. WHERE WILL SLOVENIA END UP ON THE GLOBAL COMPETITIVENESS MAP?

As stated by the strategic documents of the European Union and Slovenia (e.g. Horizont 2020, Research and innovation strategy of Slovenia 2011-2020) we live in the most important period of the new economic revolution, the strongest and biggest one so far. It is the revolution leading us from the post-industrial era into a knowledge-based society. The transition presents a great challenge, opportunity as well as danger to individuals, companies and countries. Talent, technology and tolerance lie in the heart of success of the modern creative society. In order to succeed in a knowledge-based society, however, a suitable innovation ecosystem is needed, enabled with access to capital and other sources that allow the talent to flourish. According to economic experts, the future will bring a divide between the countries that will know how to answer challenges of the knowledge-based society, and countries in which the economic and social lag will be increasingly larger. Most Mediterranean European countries belong to the second group due to outdated values, an insufficient level of innovation, uncoordinated policies and slow response to global changes. We believe that Slovenia has the potential to place amongst the winning countries.

On the global level, many cities, regions and countries realized that the so called “talent war” isn’t only happening on the level of companies, but also on the level of geographical areas. A big and important policy orientation on the global level is the creation of *entrepreneurship hubs*, which can refer to cities, regions or countries, depending on the size of the area. The talent namely tends to gather in those geographical areas that have characteristics such as the right creative values, technological development and possibility of commercializing ideas. According to the Start-up Genome report, the cities that are currently most promising for talents are: the Silicon Valley, London, Toronto, Tel Aviv, Los Angeles, Singapore, Sao Paulo, Bangalore, Moscow, Paris, Santiago, Seattle, Madrid, Chicago, Vancouver, Berlin, Boston, Austin, Mumbai, Sydney, Melbourne, Warsaw, Washington D.C. and Montreal.

Why wouldn’t Slovenia also be on this list in the future?

The present Start:up Manifesto talks about the key challenges and possibilities of building a globally competitive start-up ecosystem in Slovenia. By implementing the outlined programmes, key stakeholders of the national entrepreneurship ecosystem, namely:

- the government
- knowledge institutions,
- companies and
- other subjects of the innovative environment,

can create a start-up ecosystem that will enable and encourage the development of innovative entrepreneurship in Slovenia.

3. THE IMPORTANCE OF START-UP COMPANIES FOR ECONOMIC DEVELOPMENT

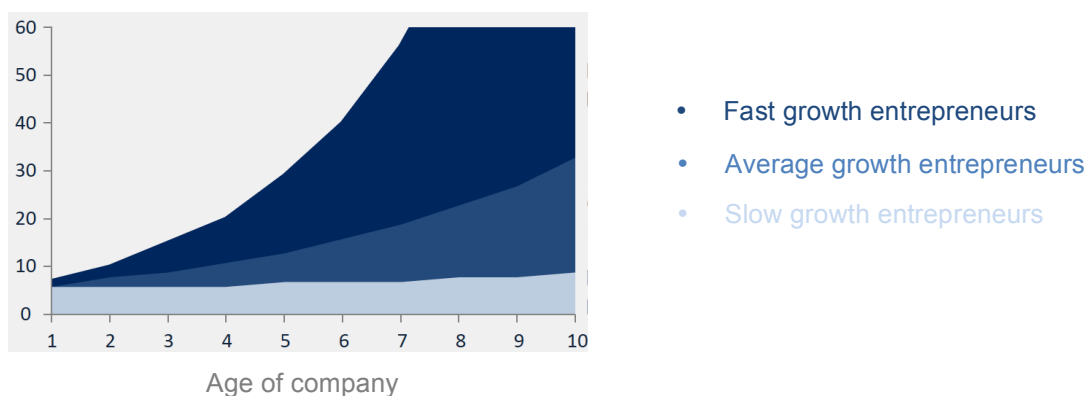
3.1 What is start-up entrepreneurship?

In a knowledge-based society, innovation is the driving force of the economy on all levels and in all types of organisations. Due to high risks present when introducing new products and services, innovations are usually commercialized via isolated formal formations such as start-up companies.

A start-up company is a newly formed company, the purpose of which is to develop new, usually innovative products or services in uncertain circumstances. If it satisfies a new need, present in a broader area or even globally, it also has great growth potential. Start-up entrepreneurship is crucial because of innovations, new jobs and bringing competitive dynamics into the business environment. A feature of these companies is that they first test different possible business models in order to find the right one. But for this, they need a suitably developed support start-up ecosystem.

The Global Entrepreneurship Monitor (GEM) research data show that worldwide, **an entrepreneur with high potential creates on average as much as 3 times more jobs than an entrepreneur with average potential and as much as 15 times more jobs than an entrepreneur with low potential.** Thus there is only 4 % of entrepreneurs who can be placed in the group of dynamic companies that have the potential to grow on global markets (on average they reach at least 20 % annual income growth) and they truly contribute to the economic development of the society, as they create as much as 38 % of all jobs. In the society, there is only 6 % of entrepreneurs with average potential, amongst which we also count those who achieve between 5 % and 20 % average annual income growth, and they create 28 % of all jobs. But the great majority of entrepreneurs have low potential (90 % of all) – on average they achieve only up to 5 % average annual income growth and together create 34 % of jobs.

Figure 1: Number of jobs created by entrepreneurs with different growth ambitions in 10 years



Source: Global Entrepreneurship Monitor 2012

Therefore growth is mostly generated by highly ambitious entrepreneurs who find and realize promising business opportunities. Their companies grow quickly and so increase the employment rate. The research *Global Entrepreneurship Monitor Slovenia (2012)* states that one third of dynamics of countries' economic growth can be attributed to the dynamics of start-up entrepreneurship. They also contribute to the promotion of the research and innovation system and introduce values of proactivity into the society.

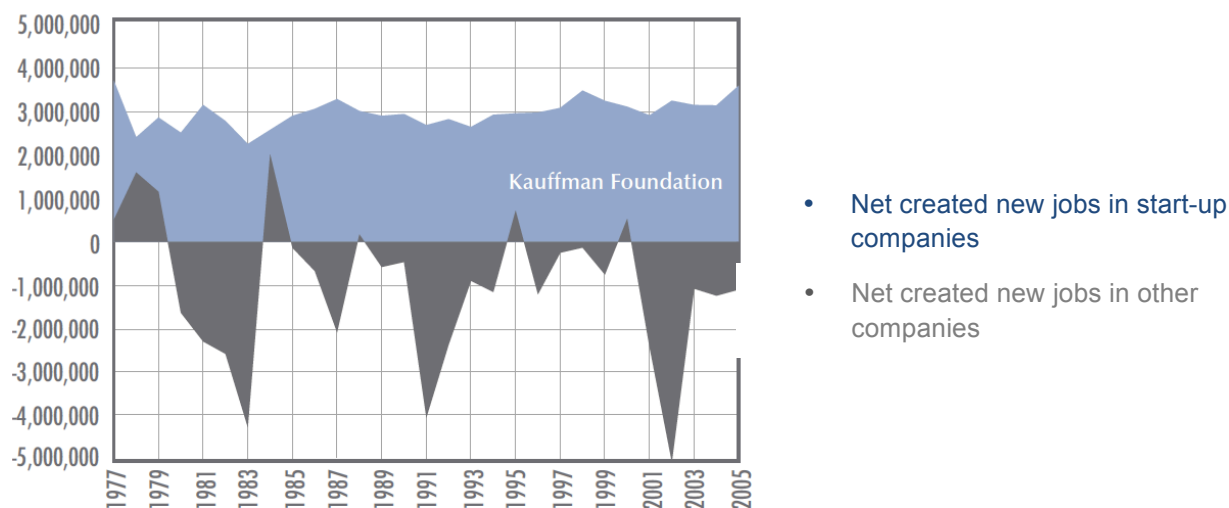
Entrepreneurship talents with high potential are very scarce and represent the most precious human resource of every nation, which is why they should be fully supported. The economic policy in general and the policy for promoting entrepreneurship have to understand that not all business activities are the same, much less that the motives for being an entrepreneur are the same for everyone. Facilitating settings for ambitious innovative entrepreneurship is fundamentally different to facilitating settings for self-employed necessity entrepreneurship.

Start-up companies are thus those that have ambition and potential to become gazelles that can, with quick growth, create a large number of new jobs. This is often, but not always, the case for companies from high-tech industries.

3.2 Importance of start-up companies for economic development

The majority of developed countries in a knowledge-based society encourage start-up entrepreneurship from the aspect of investment into the future as well as from the aspect of actively designing long-term economic policy. Why?

Figure 2: Net growth of jobs in start-up companies



Source: Kauffman Foundation, 2010. Data for USA.

Five key reasons for encouraging start-up entrepreneurship:

- **Innovations** – They are the main driving force behind economic development and the increase of productiveness in a knowledge-based society. Start-up companies are the most suitable form of implementing inventions and consequently the best mechanism for commercializing technological and other novelties. Start-up companies contribute to a quick development of new technologies and the location where they operate. Large companies often buy start-up companies because of technology (fundamental ingredient) that they then integrate into their business and thus keep their competitive advantage. At the same time, they provide knowledge as well as spin-off and spin-out companies to the start-up environment, which wouldn't be possible without a well-functioning start-up ecosystem.
- **New jobs and economic growth** – In the long term, start-up companies create a large portion of new jobs and contribute to the country's economic growth. Considering that start-up companies are based on innovations, the potential of start-up companies represents the healthy core of the economy. If the country wishes to encourage new employments in the long term, it is necessary for it to invest into the segment of companies that create the most jobs in the long run (in 10 years and more). Start-up companies are the ideal form and opportunity for employing and activating the Y generation.
- **Bringing new competitive dynamics into the economic system** – Start-up companies are the most dynamic economic organisations on the market, since they provide additional dynamics and competitiveness to the economic system. This means that the economy stays healthy, vital and diligent, while individual companies find it harder to fall asleep on their laurels.

- **Promoting the research-innovation system** – High-tech as well as knowledge-based service start-up companies are very closely connected to knowledge institutions. An appropriate entrepreneurship ecosystem thus promotes the research & development as well as research & innovation approach of knowledge institutions, companies and connecting institutions as well as contributes to the applicative orientation of research work at universities and research institutions. Meanwhile it also works as a role model and encourages students and researchers to implement their ideas via a start-up company.
- **Bringing the values of proactivity into the society** – Start-up entrepreneurship changes the values of the society and brings a new mind-set, in line with the society based on knowledge and creativeness. The population is starting to increasingly realize that they have a responsibility for their work and career development.

3.3 Development phases of start-up companies and the need for support

The support for start-up companies differs according to their development phase. A successful transition from one phase into another does not yet ensure success in the new phase. This makes it necessary to have a permanent and phase-appropriate support for start-up companies, with suitable programmes in all individual development phases. The essential parts of the ecosystem are quality programmes integrated on the national level that help entrepreneurial talents solve business and technical challenges in different development phases.

Talent motivation and activation – The first critical point is identifying and engaging talent. It is necessary for suitable programmes to spread current knowledge and paths of career success, values of innovativeness and entrepreneurial drive, general creativity etc., with the purpose of providing the most competent individuals with the insight into all possibilities that they have on the domestic market. In the phase of talent motivation and activation, it is not only crucial to identify competent individuals but also to systematically help talents develop their ideas and join suitable programmes that enable the implementation of business ambitions. More broadly considered, it is important to adjust the entire education system, from kindergarten to university, so that it will be able to encourage creativity and entrepreneurial drive.

Start-up companies – The second critical point is founding the company and starting the validated learning, i.e. development (search) of the right business model and setting up a flexible organisation of the company. In this phase, the mortality rate of companies is extremely high, as individuals discover that the path to first customers isn't that easy and that leading a young start-up company is a very demanding career task. Namely there are a lot of risks that prevent the company from succeeding on the market. This is why it is necessary for start-up entrepreneurs to have a suitable environment of similarly thinking people, less bureaucracy, current entrepreneurship knowledge, appropriate regulations on the labour market and suitable systems for the protection of intellectual property as well as consultants and mentors who help them through the most critical times of the growth of a young company.

In doing so, connections play a crucial role, since they ensure quick adaptability and learning. Connections with the market, connections with mentors, connections in the local support ecosystem and connections with international entrepreneurship ecosystems are those that ensure feedback information to start-up companies about their newly developed products and services and about their business models.

Because start-up companies are focused on recognizing (new) consumer needs from the very start, and the latter are very often international, these companies are often international practically from the beginning (*go globals*).

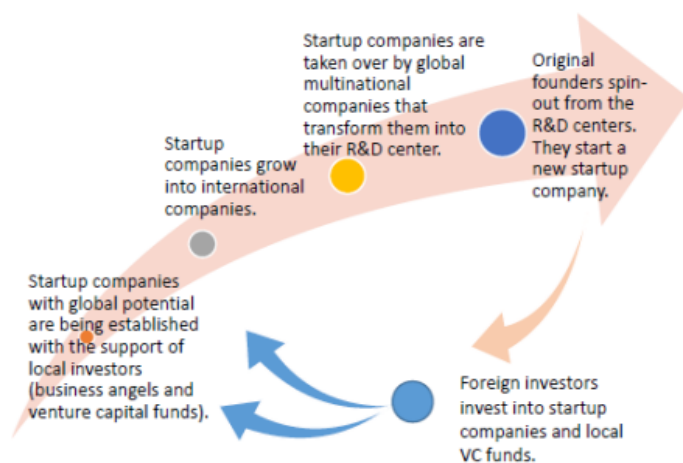
Growth on global markets – Many developing companies can't find their way to the market, while a lot of companies also fail in the phase of fast growth. This is an incredible loss of human potential and other resources, which is why the transition from company in garage into a professional entity that wishes to compete on the global market is one of the biggest challenges of entrepreneurship. Because of this, the growth phase requires mentorship, even internationally, and easy access to other global hubs, which eases growth and expansion to foreign markets.

Mortality of start-up companies is incredibly high (80- and more percent), mostly due to the difficulty of implementing business operations, which is what makes it necessary for a company to be in a suitable environment, where it has, at its disposal, a flexible infrastructure, current knowledge on building high-tech companies, a community of individuals with similar values, access to state-of-the-art business services, entrepreneurship resources etc. Several scientific studies have confirmed that a suitable entrepreneurship ecosystem evidently decreases the mortality rate of start-up companies on the one hand, while very much accelerates their formation on the other. Due to an increasingly more turbulent business environment, new practices of building companies are being created (e.g. *lean start-up*) and consequently also suitable mechanisms of support to these companies.

3.4 Designing a positive feedback loop that enables accelerated ecosystem development

Based on case studies of successful support ecosystems developed in smaller countries, it seems that for establishing a successful start-up ecosystem, creating a positive feedback loop is of crucial importance.

Figure 3: Positive feedback loop of the start-up ecosystem



Source: Adapted after several sources and experience of smaller economies

1. Start-up companies with global potential are founded.
2. Start-up companies are growing globally and fast, with help of investments (so called "smart money") and support programmes.
3. After the transition to a certain phase, the companies are sold – sometimes over the stock market (IPO), but more often to foreign multi-national companies that transform them into their innovation centre or centres of excellence.
4. This brings money into the ecosystem, which is re-invested inside the ecosystem and represents an additional financing source for new start-up companies.
5. Initial entrepreneurs usually make a "spin-out" after a few years in the R & D centre and create a new start-up. They have money, knowledge and connections with global companies.
6. Due to previous successful examples, foreign investors sometimes also directly invest into local start-up companies and VC funds.
7. With dynamic development of the ecosystem, more and more companies can develop independently in the long run, and thus contribute to a great growth of value added and employment in the host country environment.

With this approach, money, knowledge and market connections (usually of companies that already have access to markets) circle inside the ecosystem, which develops and grows. But this also makes the ecosystem attractive for entrepreneurs and companies from nearby environments, who see the advantage in moving to an ecosystem that enables them faster growth and development. A successful ecosystem thus quickly outgrows the local frame and becomes regional, closely connected with global ecosystems. In the long run, it can even influence the creation of independent local multi-national companies. Thus **entrepreneurship can contribute to achieving long-term employment and national development goals, but only in case of ambitious and knowledge-based entrepreneurship, focused on growth.** The economic policy and entrepreneurship policy should therefore understand that not all entrepreneurship activities are the same and that motives for entrepreneurship engagement differ greatly. Creating the conditions for ambitious innovative entrepreneurship is significantly different to creating conditions for self-employed necessity entrepreneurship. It is thus crucial that the ecosystem stakeholders, with the government at the front, focus their efforts and resources on measures that will contribute towards motivating and enabling as many highly educated talented individuals as possible to choose an entrepreneurship career and build companies that will be able to compete internationally and provide new jobs.

An important goal of the Start:up Manifesto is to contribute to suitably placing high-tech and knowledge-based service entrepreneurship with growth potential amongst the key tasks of the economic and industrial policy of the country.

4. THE STATE OF ENTREPRENEURSHIP IN SLOVENIA

According to the research of Slovenian high-tech companies (2013), all Slovenian high-tech companies represent only about 2-3 % of the Slovenian economy and employ about 3,500 people. The industry is growing faster than the economy's average and is creating new jobs with high value added, but it is still relatively limited. Slovenia altogether exports about 1, 5 billion USD worth of high-tech products, which represents about 5 % of total export. Unfortunately this is still below the EU average and far from the most successful countries. In EU, high-tech products represent 15 % of total export, while this number is as high as 44 % in Israel (27 billion USD), where the entire high-tech industry employs almost 200,000 and 1-2 billion USD are invested into it – that is 100 to 200 times more than in Slovenia. 70 % of investments come from abroad, a lot through take-overs of start-up companies.

As OECD (2012) states, the crisis revealed numerous structural weaknesses in the Slovenian economy, especially that the GDP growth in Slovenia is too dependent on low-tech industry and traditional services, which restrict the economy's competitiveness. The development of high-tech companies with high growth potential is thus an important form of restructuring the Slovenian economy to make it internationally competitive.

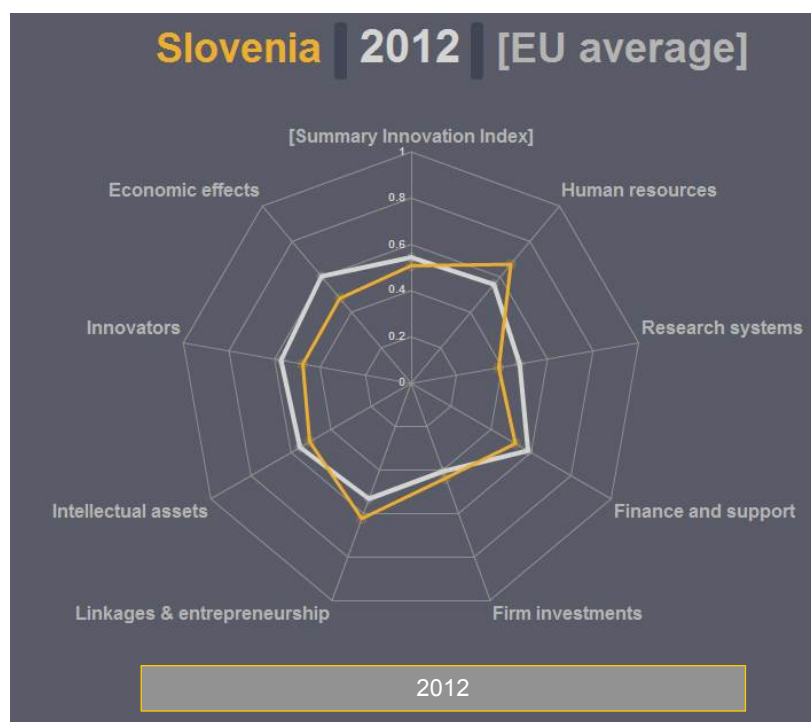
Looking for and exploiting business opportunities, creating new companies and developing them is crucial for economic development. The fundamental driving force of the entrepreneurship process are ambitious entrepreneurs who are prepared and capable of facing the challenges of building and growing a company. Unfortunately only a small part of adult population decides to walk an entrepreneurship path in Slovenia. According to GEM research data, only 6.5 % of adult population was involved in early entrepreneurship activities in the year 2013, which ranks our country below average compared to other developed economies.

Especially worrying is the declining educational structure of new and nascent entrepreneurs, low opportunity recognition and the dropping share of young entrepreneurs. According to GEM data, the share of highly educated entrepreneurs in the structure of Slovenian nascent and new entrepreneurs lowered from 46.6 % in year 2011 to 29.3 % in year 2013.

The trend of the declining opportunity perception also continues. After 20 % of adults, who perceived business opportunities in 2012, there were only 16 % in the year 2013, which ranks us at the 63rd place amongst the 67 analysed countries and at the second-to-last place amongst the European countries. The share of established entrepreneurs between the ages of 25 to 34 is also significantly lower. There is about 7 % of those in Slovenia, while in other studied groups (innovation economies, EU, GEM countries...) this share ranges between 11 % and 17 % (GEM 2013).

The Innovation Union Scoreboard study shows that Slovenia has very good human resources, but that it is the weakest when it comes to economic results of investments into the innovative or, more specifically, start-up ecosystem. A good example of economic lags is the fact that Slovenian companies reach only half the value added that Austrian companies create, even though the Slovenian research system is completely comparable to the Austrian one.

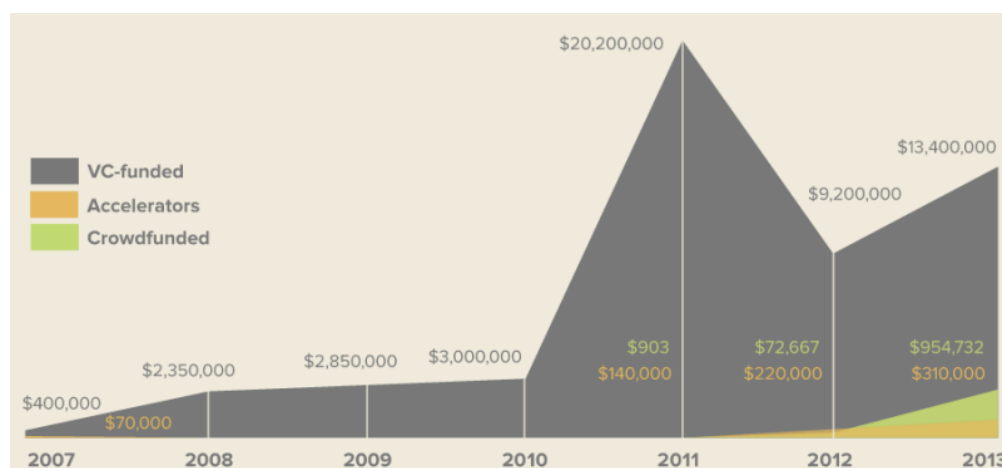
Figure 4: The development of the research-innovation system



Source: IUS 2013

The development stage of the research and innovation system shows the poorest results on economic effects. Yet the economic results are brought about by fast growing start-up companies, where we need a start-up ecosystem to support the commercialization of innovations. However, the area of start-up entrepreneurship in Slovenia has seen some promising improvements in the past few years. According to the research of the Slovenian entrepreneurship ecosystem (yougu.vc, 2014), there were at least 147 start-up companies in October 2013, and they employed about 1,400 people. Put together, these companies could already be placed amongst the 50 largest companies in Slovenia. The data from the same source also show increased growth of the number of start-up companies and the number of their employees. These companies attracted 53 million USD capital. In addition to this, there were at least 10 start-up companies sold since the year 2007, most of them in years 2012 and 2013, with a joint value of 30 million USD.

Figure 5: Obtained resources for funding start-ups in Slovenia



Source: www.yougo.vc

In the last two years, a lot of Slovenian start-up projects had also been accepted into business accelerators abroad. These days, there practically aren't any important global accelerators without Slovenian companies in them. In 2013, Slovenian start-ups won some prominent start-up competitions. Slovenian projects also presented themselves well on websites for crowdfunding, especially on Kickstarter. As stated by Crowdfunding Slovenia (2013), Slovenian projects are amongst the most successful in the world considering the population size, as more than 10 projects had been supported and they had gathered more than 1 million USD on this site only. And last but not least, Slovenian support environment has been flourishing since 2012, namely with a larger number of new institutions, projects and the increasingly larger number of entrepreneurs included. In this, individual elements of the ecosystem's services don't lag behind the offer abroad that much. The main difference lies in the way that these services are offered – they are very fragmented in Slovenia, while in benchmarked ecosystems, they are integrated into uniform products such as business accelerators, which represent a combination of financial, mentoring, consulting and infrastructural products in one place. This way they offer an integrated support and achieve better visibility, as well as make it more attractive for start-up teams.

Slovenia already has a fairly developed entrepreneurship environment in many parts. Its development started 20 years ago, but was designed without considering that the entrepreneurship structure is made up of a very diverse group of companies: self-employed individuals, small companies, growing companies, big companies, social entrepreneurs, etc. All individuals who found a company and lead it are entrepreneurs, but there are great differences between them in regards to their ambitions, contribution to the development and their needs for various types of support. The support to high-tech companies with potential for quick growth clearly has different demands than the general support of entrepreneurship, as it has numerous specifics that do not concern other types of entrepreneurs. The lack of understanding of these differences prevents the creation of a suitable and successful entrepreneurship policy and the creation of the most efficient support mechanisms, as each of these types of entrepreneurs demands a different support ecosystem.

Today, the entrepreneurship policy in Slovenia is still largely engaged in actions that can, in many characteristics, be classified as “small business policy” rather than “entrepreneurship policy”. The emerging start-up scene, together with support programmes for start-up companies, is thus still very self-depending, left to their own initiative and without efficient support from the economic policy. In order to encourage the emergence of high impact entrepreneurs, who can contribute to growth, employment and development the most, the entrepreneurship policy and resultant measures have to be designed in such a way that Slovenia will become attractive to the development of fast growing companies and attractive to high-tech entrepreneurs. Such a policy should encourage as many talented individuals as possible to decide for an entrepreneurship career and ensure that Slovenian breakthrough entrepreneurs wouldn't have to relocate to foreign, more entrepreneurship-friendly environments in order to survive, but rather in order to enable their development and fast growth.

5 WHAT IS NECESSARY FOR ESTABLISHING A SUCCESSFUL SUPPORT ENVIRONMENT FOR INNOVATIVE ENTREPRENEURSHIP – START-UP ECOSYSTEM?

Based on examples of countries that already developed successful start-up ecosystems, it seems that all successful start-up systems have the following elements in common:

1. They all try to systematically **raise the level of activation of entrepreneurial talent** (*human capital*) in order to increase the number of innovative start-up companies. More people with knowledge should dream about building a breakthrough company that would change industry standards and reach multi-million values. The school system and the broader entrepreneurship education system play a special role in this.

2. They build on the awareness that **commercialization of knowledge and technology** is crucially important for innovative start-up entrepreneurship. Entrepreneurs don't and can't work in a vacuum, but rather have to build their companies on the basis of connections with research-development achievements and ideas that are arising within knowledge institutions and other companies in the ecosystem. This is why a suitable and successful *support infrastructure* as well as a *developed innovation and research system* are needed.
3. They use their networks to **encourage company growth on international markets**. Talents with business ambitions want to succeed on international markets, since this ensures the capability of building a significant company that reaches enviable great value and can influence the development of the entire industry. This is why entrepreneurship ecosystems are establishing global connections with other hubs, which enables an efficient access to global sources and markets.
4. They contribute to bigger **capital accessibility**, as lack of capital is one of the key obstacles for growth and development of start-up companies. This is true even for the most developed ecosystems, but is even more acute in Slovenia and the region. The capital must support companies in all phases of development and help build a company with connected services as well (so called "smart money"), but at the same time it "forces" the company into fast growth and development. On the other hand, experienced investors also quickly eliminate projects and companies that don't achieve the expected results, and thus save resources that would otherwise be lost. Consequently an appropriate financial system is crucially important for the success of an ecosystem, but mostly this demands capital investments and, to a substantially lesser degree, debt sources. An example of a widely present financing system that supports start-up companies is Singapore.
5. They all understand the importance of **activating various ecosystem stakeholders** and strive for their more active involvement. The entrepreneurship ecosystem doesn't function efficiently if various stakeholders don't play their role actively and aren't coordinated. It is necessary to find suitable incentives and also ensure the adequate level of their key abilities. A *harmonized, comprehensive and strategic leadership of a support environment* is necessary. It is important to emphasise that a lack or an inadequate level of services of even only some parts of the support ecosystem can hinder the creation of a positive feedback loop of the start-up ecosystem. Certain factors are necessary for success and without them, other factors can't bring success either.

How does the Slovenian entrepreneurship ecosystem cover these areas, which elements are already established and what else needs to be done in order for the positive feedback loop of the start-up ecosystem to be established?

In Slovenia, we already have many foundations of the support ecosystem established, but they aren't yet sufficient for its full development. The start-up ecosystem is not yet completely developed and some areas aren't covered at all. Some of the other areas may be covered, but insufficiently. In our opinion, most areas are like that. In order to achieve the development of start-up entrepreneurship, we need a lot more of all support activities for individual phases of development of start-up companies, organised in comprehensive programmes. It is necessary to raise the quality of support services, their integration strength, which can be achieved by efficient connecting and improving the fragmented programmes of domestic support institutions into comprehensive programmes and connecting them internationally.

We strive to set a social goal in Slovenia that until the year 2020, we will annually:

- Create 1000 new jobs in start-up companies in Slovenia
- Connect at least 50 start-up companies with the most important start-up ecosystems in the world
- Create or attract at least 150 start-up companies with global potential.

In order to reach these goals, we have to systematically invest into the development of the support ecosystem. On the basis of the analysis above and conversations with more players in the existing ecosystem, we suggest a couple of measures that would surely efficiently contribute to reaching this goal.

Proposed measures	Description	Instruments and key success indicators
Increase access to capital		
Continue and intensify the support to venture capital investments	Provide instruments that will enable domestic and international venture capital (VC) funds to invest into start-up companies in Slovenia and into local venture capital funds. Besides the capital, also enable the transfer of knowledge between local and foreign as well as regional funds and companies (so called “smart money”).	<ul style="list-style-type: none"> - Obtain investments of venture capital in the amount of at least 50 million EUR per year. - Ensure further development of the Slovenian VC industry, in partnership with internationally recognized funds. Provide appropriate conditions that will make Slovenia interesting for investments of foreign VC funds (regulations in the field of intellectual property, taxes, work legislation, ...) - Decrease administrative obstacles and simplify reporting procedures for VC funds that obtained public co-investments.
Support the development of angel and seed investments in Slovenia	<p>Prepare instruments that will substantially increase the quantity and quality of investments in the earlier stages of start-up companies' development. Support private investments in these stages with public money.</p> <p>Introduce tax relief for personal income tax in the amount of the business angel investment.</p> <p>The public part of capital investments can be paid off by entrepreneurs after a certain period with a pre-set interest rate.</p>	<ul style="list-style-type: none"> - Supplement public subventions for new companies with public seed investments and increase them (the Israeli model). - Connect successful programmes of business incubators with public money in the frame of so called business accelerators. - Assure a substantial increase of business angel investments and seed capital into Slovenian start-up companies – to the level of 5-10 million EUR per year.
Establish an environment for crowdfunding platforms	<p>Prepare the instruments and legal environment that will enable, facilitate and regulate activities for crowdfunding Slovenian start-up companies.</p> <p>Introduce tax relief for personal income tax on these investments.</p>	<ul style="list-style-type: none"> - Assure a substantial increase of investments into Slovenian start-ups with the help of crowdfunding – to the level of a couple of million EUR per year.
Establish a platform for early project testing and financing	<p>At the start of their business path, entrepreneurs face two key problems: testing their solutions and finding funding capital. The solutions have to be tested before entering the market, which is formally legally impossible before founding the company. Thus entrepreneurs are often forced to sell first products illegally or create companies before the solution had been seriously tested on the market. In order for even the simplest companies to start working, it is necessary to ensure some initial capital, which can be a big problem for many. Investors aren't interested in small projects, while banks aren't prepared to support start-up projects either.</p>	<ul style="list-style-type: none"> - Create a platform for initial solution testing and their funding – the “pre seed” phase. - The platform can also be organized as a company, cooperative or other. For the launch, it needs minimal financial resources in the form of capital.
Actively promote and search for different possibilities for investors to exit start-up companies	<p>Help start-up companies with their search for investors as well as help investors search for customers for their investments – the so called “exit”.</p> <p>Help connect with strategic investors – potential customers.</p> <p>Help search for opportunities for micro-cap listing or alternative investment market.</p>	<ul style="list-style-type: none"> - Support the organization of investment conferences and other events for investors. - Develop a portal for presenting start-up companies to investors. - Support investment match-making services.

Support other financing forms	Supporting debt financing sources for bigger start-up companies.	<ul style="list-style-type: none"> - Develop micro-credits, even for working capital. - Offer government guarantee for debt financing sources for start-up companies (SME and RDI market gaps).
Raise the level of business talent activation and implement comprehensive support programmes		
Promotional workshops	Organise educational and motivational events all across Slovenia with the purpose of promoting and especially preparing start-up entrepreneurs for the launch of their company. In doing so, they get to learn about the entire and comprehensive offer of the start-up ecosystem.	<ul style="list-style-type: none"> - Support the organisation of promotional workshops that promote state-of-the-art knowledge and joint offer of the services of support environment.
Start-up weekends	Start-up weekends are global entrepreneurial good practices. The American Kauffman foundation helped develop them in order to help entrepreneurs develop their idea. The basic concept behind these weekends is the actualization of a business idea over the weekend and the focus is mostly on creative and innovative ideas. The concept turned out to be very effective.	<ul style="list-style-type: none"> - Support the organisation of start-up weekends.
Start-up co-working spaces	Start-up co-working workplaces are intended for ambitious, innovative and entrepreneurial talents with knowledge of high value added, who are developing a new business venture for the global market and are located within the support environment. Workspaces are available to everyone working on their prototype, minimum viable product or business plan, searching for their first customers or even those who already started doing business, but do not yet need their own office. For teams that are somewhat more mature, offices are available within SIEs ¹ .	<ul style="list-style-type: none"> - Provide funds for co-financing the space infrastructure intended for the functioning of start-up communities within SIEs and other support environments.
Business infrastructure within university and regional centres	Established infrastructure that takes care of entrepreneurship development in local environments and knowledge centres (university, etc.). Implements fundamental business programmes, offers the basic infrastructure, accessible under more favourable conditions, and helps build local entrepreneurship communities.	<ul style="list-style-type: none"> - Co-finance the management and functioning of the basic infrastructure for start-up companies and building start-up communities.
Spread entrepreneurship culture into mature organisations	Put together, all medium and large companies are about a 100 times bigger than all start-up companies, according to the number of employees as well as the created income. They have most of the necessary resources, such as technologies, infrastructure, partners, market access, trademark and quite possibly also entrepreneurial individuals with good ideas and market knowledge.	<ul style="list-style-type: none"> - Promote and accelerate the development of corporate entrepreneurship, connected with the start-up ecosystem, in mature organisations. - Educational programmes for using the <i>Lean Start-up</i> approach for internal projects in medium-sized and large companies, and for spin them out them into new companies.

¹ Subjects of innovative environment

	<p>However they do not have the knowledge and experience of the start-up approach and most of all they have no suitable motivational environment that would allow them to innovate and bring new products and services to the market quicker, cheaper and with less risk.</p>	
<p>Actively attract foreign founders of start-up companies to Slovenia</p>	<p>Motivate entrepreneurs from abroad to relocate to Slovenia and thus increase recognisability of Slovenia as a regional hub for start-up entrepreneurs.</p> <p>Actively make Slovenia attractive for foreign entrepreneurs and create a single entrance point with all information about the advantages of Slovenia for international start-up entrepreneurs.</p> <p>International promotion of Slovenia as a destination for launching a start-up company.</p>	<ul style="list-style-type: none"> - Regulate the visa policy for start-up entrepreneurs and their families. - Upon founding a start-up company in Slovenia, they have an equal status to Slovenian start-up companies and have all the instruments and support activities at their disposal. - Overview of possibilities for non-profit apartments for them (and for Slovenian start-up entrepreneurs as well)
<p>Supporting activities for entrepreneurial talent activation and motivation in schools</p>	<p>Supporting activities that activate entrepreneurship in schools (primary and secondary schools, university). Focus is on horizontal programmes that help the youth develop entrepreneurial drive and learn how to bring an idea into the application phase, namely through practical project work focused on discovering the possibilities for possible company creation. A single entrance point to the supporting start-up ecosystem would be available to those who wanted it.</p>	<ul style="list-style-type: none"> - Support as many different entrepreneurship programmes in schools as possible: <ul style="list-style-type: none"> o Competitions o Groups o Conferences o Summer camps o Other events o Exchanges o Media and promotional activities
<p>Educate teachers about new skills for teaching entrepreneurship</p>	<p>Teachers who already teach entrepreneurship topics have to be reminded of the fact that today, the market demands different people than it did decades ago. Therefore other work methods and the development of different skillsets are necessary if we wish to encourage entrepreneurial drive and entrepreneurship amongst youth.</p>	<ul style="list-style-type: none"> - Every teacher should go to courses and trainings regarding modern methods of encouraging entrepreneurial drive and entrepreneurship amongst youth. - Financing is possible by reallocation inside the education system.
<p>Selecting and promoting the best start-up companies</p>	<p>The selection of the start-up of the year, which is part of a bigger national campaign. The purpose of the competition is to motivate talents for launching a company, recognize the best business teams, business plans and start-up companies in the Slovenian environment and promote them to the general national and international public.</p>	<ul style="list-style-type: none"> - Support the organisation of the national competition for start-up companies that are promoted in the national and international environment.
<p>Organising conferences</p>	<p>At the conferences, esteemed national and international guests can use a series of roundtables, lectures and workshops to present state-of-the-art knowledge on building new start-up companies from the practical as well as academic point of view.</p>	<ul style="list-style-type: none"> - Support the organisation of entrepreneurship conferences and other events in the start-up ecosystem.
<p>Media and public support to start-up entrepreneurship</p>	<p>National promotional campaign for promoting the creation of start-up companies in Slovenia and for presenting the support ecosystem.</p>	<ul style="list-style-type: none"> - Support as many different promotional programmes as possible.

<p>Attract experienced foreign start-up mentors into Slovenia</p>	<p>Attract the largest possible number of experienced start-up mentors for start-up companies into Slovenia and integrating them into all phases of development of start-up companies – from the idea to fast growth.</p>	<ul style="list-style-type: none"> - Establish “Entrepreneur in residence” programmes at universities and public research organisations, for foreign experienced entrepreneurs. - Include foreign mentors in the selection of financing projects and monitoring of use of public funds.
<p>Accelerate the commercialization of knowledge and technologies</p>		
<p>Establish a modern system of intellectual property protection</p>	<p>Prepare a method for protecting intellectual property in Slovenia that will be able to fully compete with leading countries and will be attractive to foreign investors.</p>	<ul style="list-style-type: none"> - Provide assistance with the development of a national system of intellectual property protection, taking into account the specifics of start-up companies and ecosystems. - Informing public research institutions and researchers about the most suitable IP protection.
<p>Public research organisations (PRO) and universities creating companies</p>	<p>Help Slovenian PRO and higher education institutions create spin-offs. Targeted support activities for technology transfer into private companies, supported with public resources. The challenge of ensuring successful business.</p>	<ul style="list-style-type: none"> - Introduce education programmes for the development of business ideas and business models. - Provide assistance with the development of suitable management solutions (public-private partnerships) and make contracts between PRO and companies, as well as appropriately placement of “technology transfer offices” into the entrepreneurship ecosystem. - Provide assistance with the protection and transfer of intellectual property (licence contracts). - Provide assistance with the search for international partners and financing sources.
<p>Entrepreneurship departments at universities</p>	<p>There is currently no collaboration between students of different disciplines, something that is crucial for creating start-up teams. We suggest that university entrepreneurship departments be established, wherein students from all faculties within the university could enter their accredited subjects. The subjects would mostly be practically oriented and intended for the development of students’ own business ideas. Such a department would be connected with the university incubator and comprehensive programmes of the start-up ecosystem.</p>	<ul style="list-style-type: none"> - Encouraging the establishment of university entrepreneurship departments in all Slovenian universities. - Provide financing by reallocating already existing funds. In the long run, the programme can live from its own activities (licencing, company shares...).
<p>Technology vouchers for R&D services in public research organisations</p>	<p>Enable start-up companies to use vouchers to buy consulting services and intellectual property for technology transfer from public research organisations.</p>	<ul style="list-style-type: none"> - Introduce vouchers (co-financed from public sources) that enable start-ups easier access to technologies created in public research organisations as well as encourage their collaboration.
<p>Support mentorship programmes and scientific officers in PRO</p>	<p>The programme is intended for mentoring scientists and teams in order for them to obtain more funding for their work easier and faster. They obtain it by showing that their project solves a relevant problem in a way customers want.</p>	<ul style="list-style-type: none"> - Support mentorship programmes that introduce scientists to <i>Lean Start-up</i> techniques. - Possibility of expanding programmes to other public institutions by mentoring and educating “transformation managers”.

Encourage growth of start-up companies on global markets with connections across the world		
Programme for global growth of start-ups and their placement in supporting ecosystems abroad	The programme of supporting and monitoring start-up companies during global growth, intended mostly for young and internationally-oriented high-tech start-up companies based on knowledge with high value added. The purpose of the programme is to ensure suitable support to selected companies for fast growth and entering international markets, from the aspect of infrastructure as well as from the aspect of knowledge, mentoring and international networking. Slovenian start-up companies that are expanding globally are given support when positioning into entrepreneurship ecosystems abroad, for example business accelerators and incubators.	<ul style="list-style-type: none"> - Finance programmes for content support and monitoring start-up companies in the growth phase. - Partially co-finance costs connected with placement into accelerators and incubators abroad. - In return, a smaller share in the start-up company asking for co-financing is obtained.
Establish Innovation ambassadors of Slovenia	Slovenian scientists, entrepreneurs and innovators (as well as foreign ones who feel close to Slovenia) abroad are awarded the honourable title "Innovation ambassador of Slovenia". They promote Slovenia abroad as a destination for the research-innovation activity and for start-up companies.	<ul style="list-style-type: none"> - Introduce the honourable title, awarded by the President of the Republic - Prepare a virtual platform that takes care of their support and background and is connected with the single entrance point for start-up companies – it offers them support when promoting Slovenia as a good place for start-up companies - Organise an annual meeting in Slovenia.
Support own infrastructure in start-up centres abroad	Subsidized accommodation in some of the key start-up ecosystems is enabled to Slovenian start-ups that are expanding globally (following the example of an infrastructure similar to the one that the Ministry of Culture already has).	<ul style="list-style-type: none"> - Subsidize accommodations in the chosen key start-up ecosystem (e.g. in Silicon Valley, Berlin, London, Singapore...) for a certain period.
Ensure consistent, comprehensive and strategic governance of the start-up support environment		
Efficient and transparent governance of the start-up ecosystem	Measures for an efficient and transparent leadership and use of public funds, based on auditing, monitoring and evaluations of programmes and measures. The focus is on market gaps and public interventions, but the private part of the ecosystem is also analysed and its efficiency evaluated.	<ul style="list-style-type: none"> - Establish a standard set of key performance indicators (KPI) and their continuous monitoring. A public announcement of all indicators and their current as well as past values. - Implement an annual evaluation of all public measures supporting the start-up ecosystem. It will be done in collaboration between Slovenian and foreign evaluators with experience in evaluating entrepreneurship ecosystems and EU measures. - Continuously monitor the development of the Slovenian start-up ecosystem, compared to the most important ecosystems in the world (benchmarking) with the purpose of helping Slovenia become one of the most attractive start-up environments. - Perform ad hoc revisions of spending of EU funds

		<ul style="list-style-type: none"> - Every four years, perform a strategic analysis of market gaps that require public intervention. - Establish an information platform for mapping the start-up ecosystem, in which all ecosystem actors will be registered. - Establish a system of continuous and systematically linked self-evaluation of stakeholders in the start-up ecosystem.
<p>Create an active support ecosystem for start-up companies</p>	<p>Activities for supporting the performance of the support environment to those institutions that are active, as well as connecting their services into comprehensive joint programmes. Prepare a map of the supporting ecosystem and a single entrance point for new start-up companies with information on all institutions and activities in the support environment.</p>	<ul style="list-style-type: none"> - Do annual research on start-up companies and entrepreneurship in Slovenia. - Promote discussion about the necessary activities and efficiency of implemented activities. - Support policy makers when evaluating and developing new instruments (e.g. with an annual public policy conference for policy makers).

Note: We will be updating this document within the start-up ecosystem once a year or when needed.