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Beyond Catch-Up

The European Innovation Council Board's Contribution to the European Commission's Startup Scaleup Strategy

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Intro

Europe is at a crossroads. The global tech race is accelerating, and while others sprint ahead, we cannot afford to simply catch up—we must leap forward. *Beyond Catch-Up* is the European Innovation Council (EIC) Board's contribution to the European Commission's Startup Scaleup Strategy.

This is not another checklist. It's a call for a shift in mindset—from incremental fixes to systemic change, from passive support to active market-making, from top-down policymaking to real partnership with founders. Built on four core convictions—movement over measures, leapfrog over lag, smarter over bigger, and trust over technocracy—this strategy calls on Europe to lead with ambition, not hesitation.

We offer not just ideas, but a blueprint for execution: short-term initiatives that send strong signals and long-term reforms designed to outlast political cycles. With the right leadership, the right team, and the right momentum, the EU can unlock its full potential—not by mimicking other tech powers, but by playing to its unique strengths.

A. Core Convictions

Europe needs more than policy tweaks—it needs to set the stage for global tech leadership. These 4 core convictions shape our approach.

1 - Movement vs. Checklist

We need a mindset shift. This isn't about ticking off obstacles—it's about creating momentum, sparking a movement that positions Europe as the best place in the world to build and scale global tech leaders. This requires a fundamentally different approach: aspirational, outcome-driven, and focused on leadership rather than just "closing the gap."

That's why: This strategy isn't just a list of measures—it's a vision, backed by narrative and meaningful metrics.

2 - Leapfrog vs. Incremental

Europe doesn't need another declaration or piecemeal initiative—it needs a calculated effort for a quantum leap.

That's why:

Rather than listing every startup or VC grievance (which the ecosystem will readily supply), we focused on measures that meet key criteria:

- *Short-term*: High-impact actions with strong signaling effects, ready for immediate announcement and implementation without waiting for Parliament or Council approval. Many are time-sensitive, with multiplier effects amplified by the current geopolitical landscape.
- *Long-term*: Structurally transformative reforms that must be delivered within this Commission's term—delays will only compound setbacks, slowing momentum when we need to accelerate.

3 - Smarter vs. Bigger

We can't beat the US and China at their own game—they outspend and outscale us by orders of magnitude. Instead of trying to match brute funding with brute funding, Europe needs to shift from passive capital allocation to active market-making. Rather than attempting to replicate their approach, Europe must adopt an asymmetric strategy—moving from passive funding models to active market-making: Unlocking public and corporate procurement to create early demand, turning regulators of emerging technologies into market allies for European deeptech startups, and incentivizing insurance companies and pension funds to invest in European VC. Expanding instruments like the EIC is necessary, but insufficient on its own.

That's why: Market-making must be at the core of our strategy.. The real advantage lies in combining our tools strategically: public funding should de-risk private investment, procurement should drive demand for emerging tech, and startups should help shape regulation instead of being blindsided by it. Imagine: A deeptech startup secures funding, attracts private capital via TIN, accelerates R&D with corporate partners, scales through challenge-based procurement, and operates in a regulatory framework designed with its success in mind.

This is how Europe competes—not by outspending, but by outmaneuvering.

4 - Trust vs. Technocracy

As Commissioner Zaharieva highlighted at the Startup Scaleup Forum, the European Commission cannot act alone. The real battle isn't just about passing policies—it's about rebuilding trust with the startup ecosystem, especially with founders. Years of tech-policy lag, weak ties to the community, and the same issues in a Groundhog Day loop have left the EU with a credibility gap.

Major reforms like the 28th regime and Capital Markets Union will take time, but founders can't afford to wait. Major reforms like the 28th regime and Capital Markets Union are crucial, but they take time—founders can't wait. To regain momentum, the Commission must show that change is on the horizon by addressing the two issues that have hurt its relationship with the ecosystem—the fractured market and startup-unfriendly regulation—even if it takes time. At the same time, it must do something new: empower the ecosystem to drive change.

That's why: This strategy includes concrete measures to re-engage and activate the ecosystem, particularly in the short term, to capture attention, rally support, and lay the foundation for a movement.

B. Vision

2030: European tech shapes the future (for the better) as global market leaders

NARRATIVE
The current geopolitical landscape demands that the EU not only cut red tape but also take bold action. With a narrow window of opportunity and a moral responsibility, it must redefine itself as a global tech superpower focused on building tech for people and the planet, while the US prioritizes profit and China seeks control. Europe must become what its ecosystem has demanded for years and what the world needs: the ultimate destination for launching and scaling startups that build a better future.

C. Objectives and Key Metrics

TALENT	**FUNDING**	**MARKET**	**POLICY**
Secure the most advanced talent pool for European tech: entrepreneurs, scientists and operators	*Ensure seamless funding access for high-potential startups throughout their growth journey*	*Unlock access to bigger markets faster*	*Transform public institutions into a growth partners for startups*
Entrepreneurial Talent Flow Metric: Number of Series A+ companies founded in the EU by US nationals vs. number of companies founded in the US by EU nationals. Why: This tracks the movement of high-caliber entrepreneurial talent between the EU and the US, reflecting the EU's ability to attract top global founders.	**Strategic Sector-Specific Investment Volume** Metric: Percentage share of EU companies in total annual global investment volume across strategic sectors Why: This measures the EU's competitive position in key high-growth sectors globally, reflecting both its market share and strategic priorities. – **Annual Total Exit Value**	**Global Market Share of EU Tech Champions** Metric: Percentage of global revenue in strategic sectors captured by European companies Why: This tracks the EU's market leadership in high-growth global sectors, reflecting the success of its tech champions on the world stage. – **Global Market Share**	**"Ease of Doing Business" for Tech Startups** Metric: Composite score based on factors like the time and cost to register a business, ease of obtaining permits, tax incentives for startups, speed of intellectual property protection, and regulatory burden for scaling (ex. data protection laws, labor regulations).

– **Number of Spin-Off Companies from Researchers**[1] What: The number of spin-off companies created from universities or research institutions as a result of tech transfer Why it matters: Spin-off companies are a direct indicator of talent transformation—turning researchers and innovators into entrepreneurs. The number of these companies reflects how well research institutions are nurturing entrepreneurial talent and creating pathways for researchers to apply their expertise in the market. – **Talent Migration Balance** Metric: Ratio of skilled migration inflows to outflows in the EU. Why: Measures the net effect of talent migration, indicating Europe's ability to attract and retain skilled professionals.	**in the EU Tech Sector** Metric: Total value of mergers, acquisitions, and IPOs of EU tech companies annually Why: This measures the liquidity of the EU tech market, showing how successful tech companies are at achieving profitable exits, which is a key indicator of the health and attractiveness of the market for investors and entrepreneurs.	**Growth Rate** Metric: Year-over-year growth rate of global market share held by EU companies in key strategic sectors compared to foreign competitors. Why: This shows how quickly EU companies are gaining market dominance relative to global competition	Why: This metric tracks the overall administrative and regulatory environment for tech startups, showing how easy it is to start and grow a business in the EU compared to other regions. – **Annual startup satisfaction survey** Metric: Results of an Annual Startup Satisfaction Survey on Europe's Regulatory Environment (This would assess founders' perceptions of the EU's regulatory environment across key sectors, measuring progress against a benchmark to track year-over-year changes.) Why: Measures performance but also enables the EU to identify targeted areas for improvement and enhance regulatory responsiveness

[1]Another useful metric, though not neatly fitting within the four pillars of the Startup Scaleup Strategy, is the total revenue generated by startups from licensed technology or innovation. The Board believes that more emphasis must be placed on the creation of intellectual property and deeptech startups, as they align with Europe's sovereignty goals.

D. Flagship Initiatives

1. Short term

Our short-term or “signaling initiatives” were chosen/designed with the following criteria in mind

Seizes the moment: The U.S. turning hostile to foreign tech talent (including European expats) and a surge in European patriotism amid shifting alliances (Funding and Market) create a rare window of opportunity to act.

Empowers the first “Startup Commissioner” to create strong signaling effects, needed to drive long-term reform. Tackles startups’ biggest frustrations—the fractured Single Market and tech-policy missteps—to rebuild trust and prove the EU is listening.

Rallies the European startup ecosystem Engages the European startup ecosystem with initiatives that empower rather than replace them, uniting key players to drive change and signaling a new, collaborative approach.

Low risk: Many of these initiatives have worked at the member state level, offering key insights for scaling to the EU.

TALENT	**FUNDING**	**MARKET**	**POLICY**
2025			
US Talent Marketing Campaign *"Build Tomorrow’s World, Enjoy Today’s Life in Europe" / "In a World of Walls, Europe Offers Open Doors for Innovators."* The campaign aims to attract top global talent	**European Scale Initiative** Modeled after successful programs like France’s TIBI and Germany’s WIN, would mobilize institutional capital for scaling tech startups. By introducing targeted policy incentives[2], it encourages pension funds, insurers, and asset managers to increase their	**Choose European Tech** A pledge and campaign inspired by “Je choisis La French Tech” to triple public and private sector procurement from European startups by 2030. KEY FEATURES - **Corporate and public sector commitments**: Mobilize Europe’s	**Startup-friendly Policy Sprints** Pioneer a "Startup-Friendly" methodology for policy, regulation, and standards development, inspired by Design Sprints in product design. Over several weeks, policymakers and founders would identify key regulatory challenges, brainstorm

[2]We suggest immediate preliminary analysis on actionable policy incentives for insurance companies and pension funds to invest in European deep tech funds

to Europe by positioning the continent as the ideal place to innovate and live. Targeting European expats, foreign talent facing visa uncertainty, and progressive Americans, this campaign. KEY FEATURES **- LinkedIn Campaign**: Highlighting European countries with fast-track visa programs, along with real stories from professionals who've successfully made the move. **- Dedicated Helpdesk Support**: Offering assistance with relocation-related administrative processes (ex. Opening a bank account, understanding transatlantic taxes, getting social security, etc.) **- Job Platform**: A centralized platform showcasing EU startups operating in English actively hiring	investment in venture capital. **–** **Expansion of Fund-of-Funds Initiatives** Strengthening VC firms with the capital needed to invest in two crucial funding gaps (1) early stage deep-tech startups, particularly those in critical sectors (2) late-stage funding ensures startups (e.g., European Tech Champions Initiative).	largest enterprises to set clear innovation procurement targets, increasing the share of contracts awarded to European startups and scale-ups. This would be part of a pan-European campaign led by Commissioner Zaharieva, engaging at least Europe's 1,000 top companies and highlighting procurement's critical role in sovereignty and economic growth - **Capacity building, training programs and a best-practices guide for startup-friendly procurement** (covering key policies such as advance payments, milestone-based funding, and standardized, startup-friendly contract terms to reduce excessive liability). - **Marketing to spotlight successful startup-corporate or startup-public sector collaborations**, providing role models, and fostering learning. (ex. flagship event, content partnerships with top business media, etc.)	solutions, prototype new policies, and test them with real-world feedback. This approach fosters deeper exploration and refinement, ensuring policies are both effective and supportive of startup growth. It addresses the EU's reputation for focusing more on regulating big tech than nurturing its own startups, signaling a shift toward a more startup-friendly environment and rebuilding trust with the ecosystem.

2. Long term

Our next wave of proposals are “system-change” initiatives.

Requires more time and deeper cooperation with member states—but they’re built to outlast political shifts through institutional reform.

Fixes systemic fragmentation: Tackles the structural barriers holding European startups back—from capital mobility and cross-border scale to inconsistent regulatory interpretation—by building a true Single Market for startups

Institutionalizes startup-first policy design: Moves beyond one-off fixes by embedding startup engagement into policy-making processes, ensuring that tech voices help shape future regulation—not just react to it.

Crowds in long-term capital: Attracts institutional investors—like insurance companies and pension funds—into European deeptech by de-risking investment, creating liquidity pathways, and aligning incentives with industrial policy goals.

2026-2030			
TALENT	**FUNDING**	**MARKET**	**POLICY**
TOP PRIORITY **European Stock Option Framework** Foster employee ownership in startups by creating a unified, EU-wide stock option framework under a 28th regime. This framework would offer employees non-voting shares, taxed only upon sale. While tax rates may vary by member state, it would provide clear guidelines on rights and tax timing. –	**TOP PRIORITY** **Capital Markets Union / Savings and Investments Union** Creating a single, deep investment market that allows startups to scale and businesses to raise capital seamlessly**.** A true CMU would mobilize Europe’s savings, attract investment, and reduce reliance on foreign capital. Key reforms must harmonize financial rules, cut cross-border investment barriers,	**TOP PRIORITY** **A European Deep Tech OTA** The European OTA—inspired by the U.S. OTA (Other Transaction Authority)—would give EU institutions and member states a flexible mechanism to fast-track procurement of innovative solutions. KEY FEATURES **- Expertise in Innovation Contracting:** Unlike standard public procurement, an OTA	**TOP PRIORITY** **28th Regime** Harmonization to enable startups to benefit from a true single market (“28th regime” or single pan-European startup entity. We support the proposal of EU.Inc and highlight three elements: - The 28th regime must not be tied to a startup definition, as this would create barriers to scaling and push companies to grow outside Europe.

Greater talent mobility through mutual recognition of Startup Visas

In a similar vein to the EU Blue Card (or within that same scheme), create a framework for mutual recognition of startup visas between EU member states. This would allow entrepreneurs who have already been granted a startup visa in one member state to easily transfer or extend their visa to another EU country. This could include reciprocal agreements where member states agree to honor each other's startup visa statuses, facilitating mobility.

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Pan-European Data-driven Talent Strategy

KEY FEATURES

- A pan-European study to accurately map talent gaps in startups—analyzing deficits by sector, skill, and experience level. *Without this data, we are operating blind.* (This should be updated at least annually, integrating real-time feedback from

and deepen equity markets**.**

As progress on the European CMU stalls, a **Federated Capital Markets Union (CMU)** could offer a pragmatic alternative: harmonizing rules and integrating liquidity while preserving national exchanges. Key measures:
- Standardized listing and trading Rules for seamless cross-border investment.
- Unified clearing & settlement to streamline transactions.
- Mutual IPO passporting for easier EU-wide trading
- Decentralized data hub for real-time market transparency.
- Cross-Border tax Harmonization to remove investment barriers.

SECONDARY PRIORITY

Secondary markets for startup equity

Favorable regulation of platforms where investors can trade startup shares before an IPO or acquisition. (Lack of secondary market in VC in Europe prevents changes of ownership between VC, growth, buy-out and other institutions.)

could help with procurement methods better adapted to innovation: flexible terms, milestone-based funding, prototype development, etc.

- **A centralized marketplace for startup procurement**: A digital platform connecting startups with buyers. This could include pre-vetted startups (ex. EIC portfolio companies that have undergone rigorous due diligence.) Scouting services could also be offered.

- Procurement Component for Challenge-Based Innovation Calls: Expand the EIC's challenge-based calls by integrating pre-commercial procurement (PCP) and SBIR-style programs, accelerating market entry through public-private partnerships. To incentivize participation, public-sector buyers could receive subsidies.

Pan-European Coordination: By operating at the EU level while integrating national efforts, ETAA would create a unified approach to scaling European tech without replacing existing national programs.

- It should enable fully digital operations, including incorporation, governance, transactions, and share allocation.

- It should keep taxes and employment harmonization separate from the core entity to pass the European process without "startup" restrictions. Offer these as separate programs with clear qualification criteria.

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Mutual recognition scheme for all national sectoral certifications

Introducing mutual recognition of certifications so scaleups can easily expand across the EU, if their existing certification meets comparable security standards. Today, a company certified in one Member State often needs to recertify elsewhere—adding costs and red tape, even when the new requirements are no stricter. This should be done, as a priority, for start

the startup ecosystem to address rapidly evolving needs) - A data-driven talent strategy to close these gaps rapidly through targeted initiatives such as upskilling, reskilling, and tech immigration.	**Expansion of startup loan guarantees to banks and financial institutions** Reducing perceived risk for lenders, ensuring startups can access capital without immediate repayment pressures or dilution	**Single Market for Startup-friendly Procurement** Harmonizing regulations across EU member states, making it easier for startups to bid across borders. Also introduce tax incentives for companies that prioritize purchasing from (European) startups, offering deductions or credits to encourage local procurement.	**SECONDARY PRIORITY** **Pro-Europe standards collaboration** Collaboration with regulatory bodies to shape global standards for emerging industries, positioning European innovations as default solutions

Conclusion: From Strategy to Execution — A Call to Action

This document puts forward a set of proposals designed to help the European startup ecosystem make the leap to global competitiveness. But if there's one clear lesson from past efforts—from the 2016 Startup and Scaleup Initiative, to the 2020 Startup Nation Standards, to *Scale-Up Europe* under the French Presidency in 2021—it's this: **Ideas aren't the problem. Execution is.**

To succeed this time, implementation needs even more ambition than the strategy itself. That means serious investment in delivery capacity—more than the Startup Scaleup Taskforce's current team of just three full-time employees. It requires leadership that enables true collaboration across DGs and member states. And it calls for teams that include not just policymakers, but operators from the startup world.

This is also a cultural shift. Founders and operators shouldn't be brought in occasionally for consultation—they should be embedded in the delivery process. A small, trusted advisory group reporting directly to the Commissioner could offer critical real-time feedback. But more broadly, we need hybrid teams that combine institutional knowledge with startup experience—people who bring not just the right skills and networks, but who speak the language of the ecosystem and are trusted within it.

Just as crucial as the strategy itself is what comes next: immediate execution. As soon as the Commissioner presents the plan, we need to move. **The EIC is uniquely positioned to lead this charge—not just as a funding body, but as the Commission's bridge to the startup ecosystem**. We propose setting up a pilot implementation unit within the EIC. This unit would complement the Startup Scaleup Taskforce (focused on the "unblock" side of the strategy) by driving the short-term "push" side of the strategy focused on getting key short-term elements of the strategy off the ground (ex. European Scale Initiative via our Trusted Investor Network) and run small-scale pilots with our portfolio (ex. European Innovation OTA or Startup-Friendly Policy Sprint) .: testing real-world solutions before scaling them across Europe.

The EIC is ready. We can help design, launch, and iterate these pilots with the Commission and the ecosystem. Our board and network are also at your disposal—bringing the expertise, credibility, and access needed to turn strategy into impact.

If the Startup Scaleup Strategy is to deliver real impact—not just signal intent—it must be built *with* startups, not just *for* them. That means executed with urgency, cross-DG leadership, close ties with the ecosystem and an implementation model as pragmatic and innovative as the startups it aims to support.