

ScaleIreland



The voice of innovation-driven enterprise

A Vibrant Startup Ecosystem

Innovating for Growth, 15 November 2019

Economic challenges facing the country...



Uncertainty caused by Global Trends

Global protectionism
(Brexit, USA)

Changes to international
tax rules



Over-concentration of FDI

Over-reliance:
Narrow tax base

Concentration issue:
Top 10 contributing ~40%
corporation tax

**Low productivity in
indigenous base:**
10% firms value-added:
87% mfg; 94% services



Balanced Regional Development

Regions lower rates of
employment &
investment than major
cities

Regions to be
disproportionately
impacted by Brexit



High-growth Irish startups struggling to scale

**Capital
(early stage)**

**Talent
(share options)**

**R&D Tax Credits &
Incentives for Entrepreneurship**

Seattle's STARTUP RECIPE

What does it take to create a thriving startup ecosystem? Sure, you need innovative people, money to fund projects, and a nice place to live would be good, too. But there's more to it.

Seattle's well on its way. The city is among several around the country that are proving great startup communities don't only exist in The Valley.

Like a time-tested recipe, a successful startup community needs the right mix of ingredients working together in just the right way. And just like any recipe, the end result is only as good as its ingredients.

Basic Ingredients

1. A group of innovative and inspired people living in relatively close proximity.
2. A community that values collaboration and cooperation.
3. Local regulation and governance that support new businesses.

Combine Equal Parts of

BIG TECH COMPANIES

Large tech firms draw talent to the city, create wealth over time, and serve as a source for entrepreneurs.

For young talent in Seattle, these firms provide a place where students can learn the business, become skilled in a specific technology, and gain the know-how they'll need to act on their big ideas.



ANGELS

Early-stage investors offer resources to local startups so they can concentrate on their next release.

In the case of Seattle, some angel investors generated or sustained their own wealth with some of the large tech companies already established. They remain focused on enriching the community's startup ecosystem.

Geoff Entress PARTNER AT FOUNDERS CO-OP, VENTURE PARTNER AT VOYAGER CAPITAL.

Andy Sack CO-FOUNDER AND PARTNER AT FOUNDERS CO-OP, DIRECTOR OF SEATTLE TECHSTARS

Andy Liu ENTREPRENEUR, ANGEL INVESTOR, AND CEO OF ADVANCED MEDIA RESEARCH GROUP

Mix Heaping Amounts of

PROGRAMS & RESOURCES

Various programs and resources serve as incubators and offer members of the community a place to meet like-minded people to collaborate on a new project with. The Seattle startup community has a bevy of networking groups so that virtually any day of the week there's bound to be a meetup.

Organizations: TechStars, Seattle Tech Startups, ThinkSpace, Startpad, Washington Technology Industry Association

Meetups: TechCafe, nPost, Open Coffee, Hop & Chops, StartupDrinks

Big Events: Seattle 2.0's StartupDay, StartupWeekend, MindCamp, Ignite

LOCAL DEDICATED PRESS

Having media dedicated to covering the local startup community offers a place to hear about meetups, new startups, big events, innovations, challenges, etc.

Dedicated press provide a place for members of the Seattle startup community to watch each other, and let the world see what's going on there.

TechFlash, GeekWire, Seattle 2.0 Xconomy Seattle, Puget Sound Business Journal

Add To Taste

VCs

Having VCs nearby doesn't itself contribute to a vibrant startup community. Those VCs must be dedicated to investing in firms in their own city.

Seattle has several prominent VC groups that provide funding to startups. More area groups are investing locally, which adds to the strength of the local startup community.

**Ignition Partners
Madrona Venture Group
Maveron
OVP Venture Partners
Vulcan Capital
Bezos Expeditions**

SERVICE PROVIDERS

Having an array of professional services that know how to support and work with fast-moving tech companies contributes to a dynamic ecosystem.

Seattle startups have a wide variety of services dedicated to help them grow, hire, market, and more. Seattle 2.0 manages a directory of the area's services and professionals that understand the startup environment, and honors the best of the best in its Seattle 2.0 Awards.

Bill Bromfield
ATTORNEY AT
FENWICK & WEST

Mike Crill
MANAGING DIRECTOR
AT ATLAS ACCELERATOR

Geir Hansen
SENIOR VP AT
SILICON VALLEY BANK

Megan Muir
ATTORNEY AT DLA PIPER

Shannon Swift
CEO AT SWIFT HR

Craig Sherman
CORPORATE ATTORNEY
AT WILSON SONSINI
GOODRICH & ROSATI

Joe Wallin
ATTORNEY AT
DAVIS WRIGHT TREMAINE

Garnish With

RESEARCH FACILITIES

Universities and world-class research institutions are powerhouses of ideas. Local hubs for innovation and research keep a startup community energized.

For Seattle, University of Washington, Seattle University, and other local schools provide a constant stream of bright and ambitious talent for the area.

**University of Washington
Seattle University
Bill & Melinda Gates Foundation
Fred Hutchinson
Cancer Research Center**

LIVABILITY

A startup community doesn't stand a chance if people aren't happy to live there. Livability comes from a variety of factors such as the population's health, education levels, activities, and more.

Judging by its various accolades, the Seattle area is full of educated, healthy, and innovative people.

Education

Seattle has 9th highest percentage of residents with college degrees, with 37.4%, among large metropolitan areas.

Health

The city is ranked 4th on the list of the country's healthiest cities. The ranking by Sperling, Best Places and Centrum looked at obesity and disease statistics as well as factors that promote a healthy lifestyle.

Looking Ahead

The city was ranked 2nd for Best Cities For The Next Decade by Kiplinger's Personal Finance Magazine.



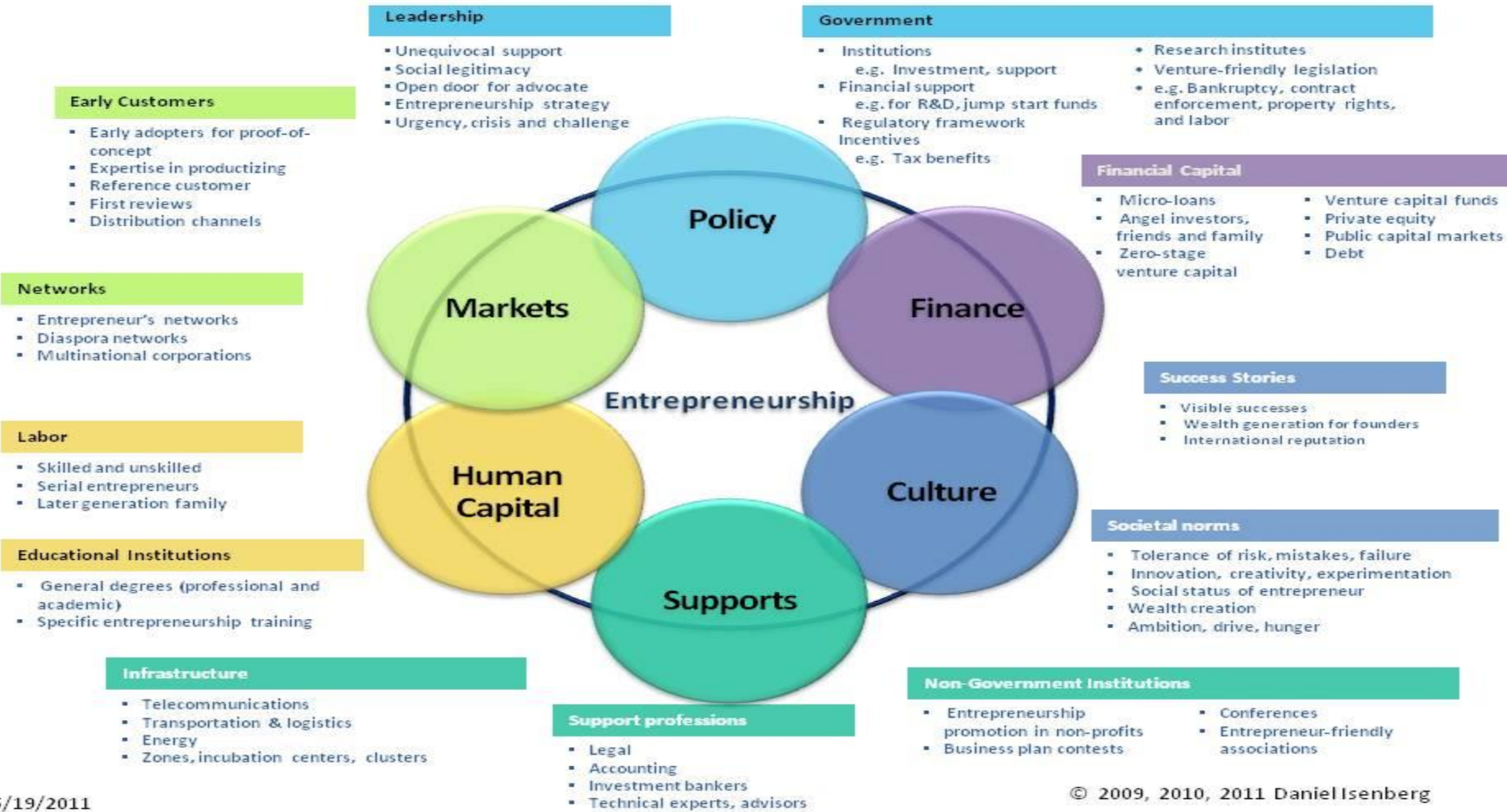
Ingredients
found in Seattle

*Dietary Restrictions



















































Want to omit any of the ingredients? Be warned, removing any of the listed ingredients will yield a different result. A startup ecosystem created without one of the listed ingredients may not be as successful.

SOURCES: TECHFLASH,
SEATTLE 2.0, TECHCRUNCH,
SEATTLE.GOV,
VISITSEATTLE.ORG

Domains of the Entrepreneurship Ecosystem



The Recipe Scorecard – A personal view

	Silicon Valley	Dublin	London	Boulder	Edinburgh
Multinational Companies					
Universities					
Scale					
Density					
Meitheal					
Lifestyle/culture					
Infrastructure					
Weather					
Venture Capital					
Angel Funding					

Lesson #1 – There is no perfect recipe

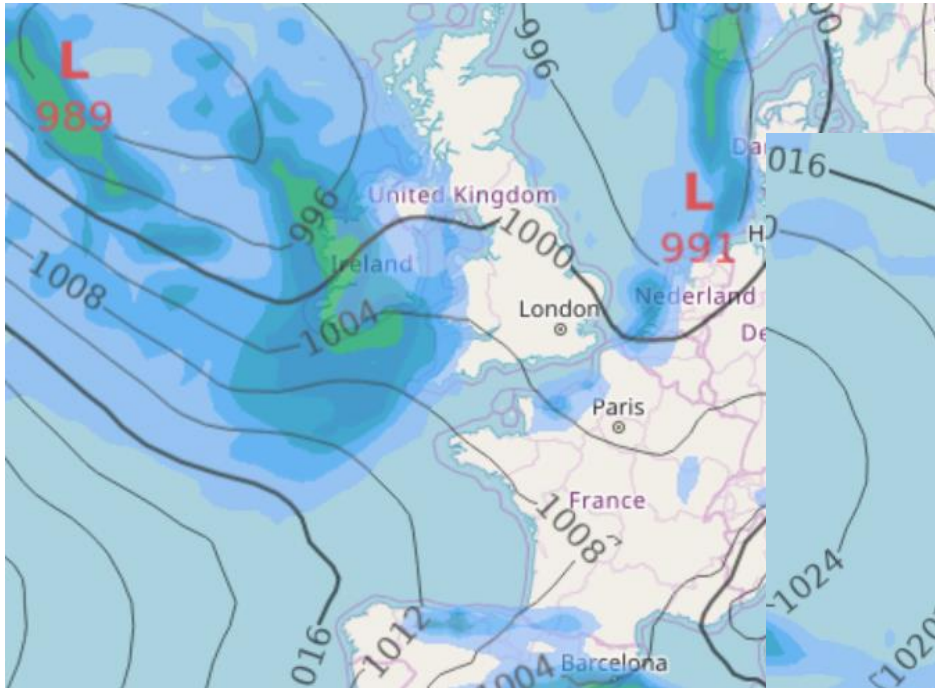
“Specifying generic root causes of the entrepreneurship ecosystem has limited practical value – the impacts are over a long time frame and are also weak.”

“Step changes come from high-order interactions – many variables working together”

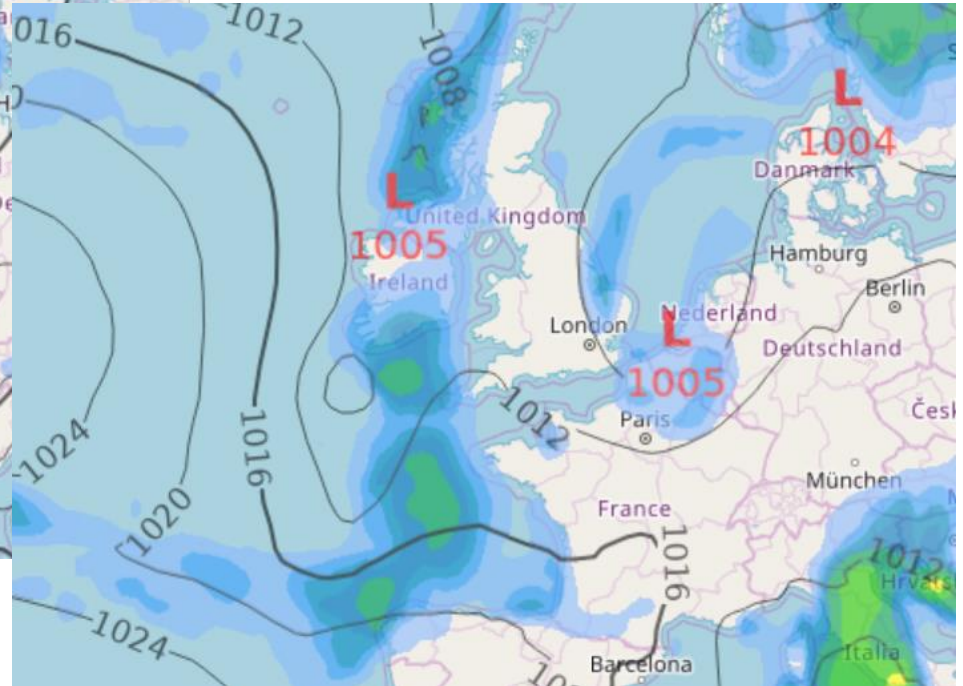
Lesson #2 – Leadership matters



Lesson #3 – Play to your strengths

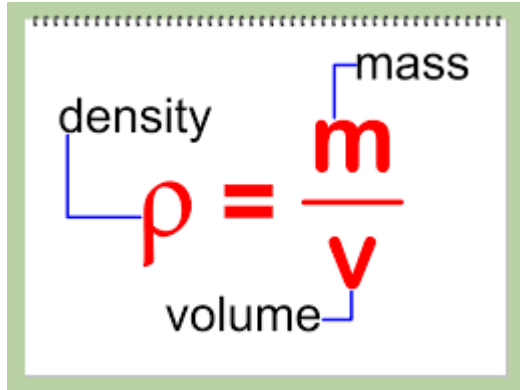


Wednesday



Saturday

Lesson #4 – Some things seem to matter more...



A diagram showing the formula for density, $\rho = \frac{m}{v}$. The Greek letter ρ is labeled "density". The letter m is labeled "mass". The letter v is labeled "volume". The entire diagram is enclosed in a green rectangular border.

$$\rho = \frac{m}{v}$$



Team



Chairperson
Brian Caulfield



Head of Scale Ireland
Liz McCarthy



Policy & Public Affairs Lead
Conor Gouldsbury

Interim Steering Group



Patrick Walsh
Dogpatch Labs



Conor Hanley
Fire1 Foundry



Anna Scally
KPMG



Parsa Ghaffari
Ayllen



Rhona Togher
Restored Hearing



Mark Cummins
Pointy



Gráinne Dwyer
Stori Creative



Bobby Healy
Manna



John O'Dea
TechIreland



Colm Rafferty
Maples & Calder



John Breslin
Portershead/NUIG



Claire McHugh
Axonista



Peter Coppinger
Teamwork

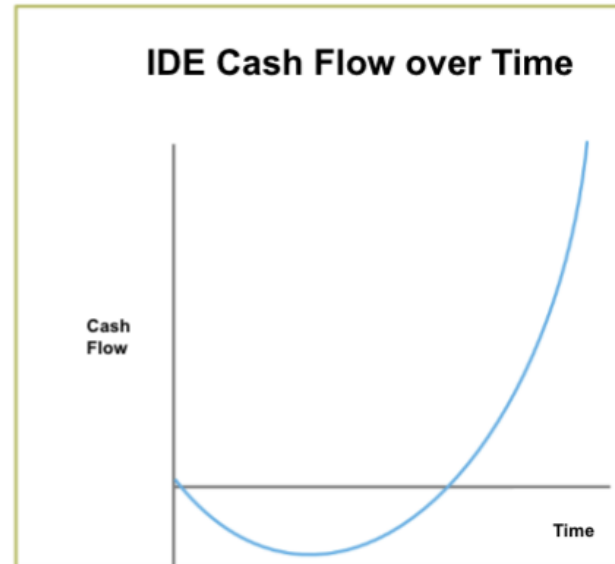
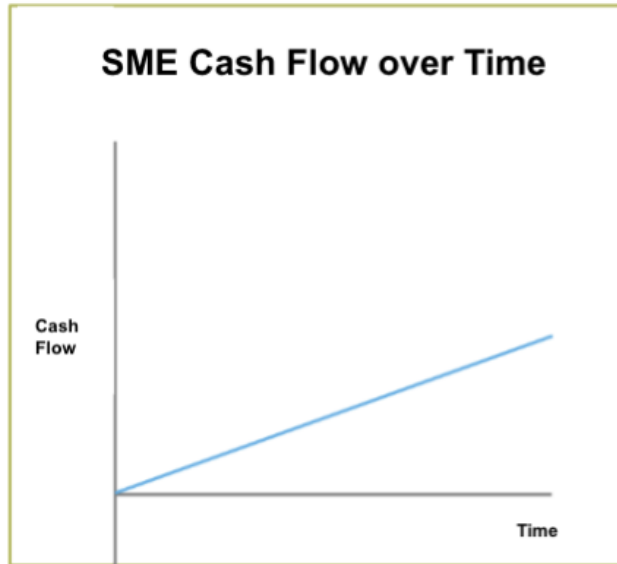


Elaine Coughlan
Atlantic Bridge Capital



DC Cahalane
Republic of Work

Who we represent: “Innovation-Driven Enterprises” (IDEs)



*Source:

https://innovationpolicyplatform.org/sites/default/files/rdf_imported_documents/Stern_IP%20Course_Day3_REAP.pdf

Need for effective representation



Gap

There has been no strong, coherent voice for IDEs



Fragmentation

Startup ecosystem naturally fragmented



Coherent Voice

Scale Ireland

Leveraging existing partners



Policy platform



Talent

Share options (e.g. KEEP)

Visa system (process & time-frame)

Talent retention

Skills & education policy



Capital

Early-stage capital (angel funding, EIS)

Attracting later-stage foreign capital

ISIF and startups



Business Environment

Innovation agenda (R&D tax credit)

Agency supports (e.g. EI & IDA programmes)

GovTech, public procurement

Regulatory burden & simplification



Entrepreneurship

Incentivising entrepreneurship (e.g. CGT ER)

Entrepreneurship education

Equal tax & social protection treatment of entrepreneurs

Ecosystem development (e.g. clustering, hubs policy)

Lots of coverage, but little movement on key issues

Taoiseach calls for 'cultural shift' so that entrepreneurs can 'fail forward'

'Ireland's eggs are invested in the foreign multinational basket - and problems lie ahead'

The country is overly dependent on FDI-fuelled taxes - which is why there needs to be a new focus on SMEs.

You can KEEP it: Hardly a Budget for entrepreneurs

No SMEs have taken up shares deal:

'Keep' share incentive scheme is failing those it was meant to help

Tech bosses want EU share scheme reform

Radical overhaul sought for EII funding scheme

Case studies highlight how issues with the scheme have been hurting SMEs, writes Samantha McCaughren

"Nearly 2,000 people invested €90m+ under EIIIS in 2015, but this dropped significantly by 2018"

Other countries are moving ahead



France

- Station F
- French Tech Visa
- Fast-track administrative system for French Tech 120
- €5bn late-stage investment pledge
- CGT reinvestment relief



UK

- EIS
- UK Startup Visa
- EMS share options
- Attractive CGT regime



Portugal

- National Strategy for Entrepreneurship “Startup Portugal”
- Road 2 Web Summit program
- Tech Visa
- Startup Minister - political appointee
- Share options CGT exempt

We are becoming increasingly uncompetitive - we are losing startups and our startups are losing out

End, Appendix

Our Key Stakeholders

Government



Paschal Donohoe
Minister for Finance



Ed Brophy
Special Adviser



Martin Fraser
Secretary General



Leo Varadkar TD
An Taoiseach



Brian Murphy
Chief of Staff



Heather Humphreys
Minister for Business



Pat Breen
Minister of State



Derek Moran
Secretary General



John Hogan
Assistant Secretary



John Shaw
Assistant Secretary



John Carroll
Special Adviser



Declan Hughes
Assistant Secretary



David Hegarty
Assistant Secretary



An Roinn Airgeadais
Department of Finance



Roinn an Taoisigh
Department of the Taoiseach



An Roinn Gnó,
Fiontar agus Nuálaíochta
Department of Business,
Enterprise and Innovation

Our Stakeholders

Agencies & Oireachtas



Julie Sinnamon



Martin Shanahan



Jenny Melia



Leo Clancy



Micheal Martin



**Mary Lou
McDonald**



Brendan Howlin



Michael McGrath



Pearse Doherty



Eamon Ryan



Semi-State, Academia

Policy Work - Highlights

Stamp 3 Visa Reform - Campaign

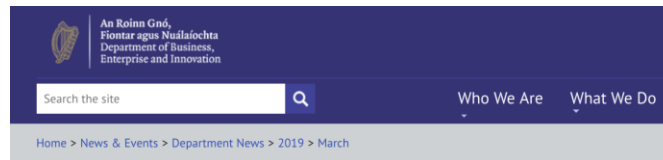
Supporting access to talent

February 2019

Scale Ireland supported the Stamp 3 Association and its campaign to secure reform of immigration rules for spouses and partners of Critical Skills Employment Permit Holders, to enable them to work in Ireland.

Scale Ireland provided a letter of support to the campaign focused on the impact of the restrictions for startups, and advised on campaign tactics.

We were pleased when Government announced changes granting full access to the Irish labour market.



Ministers Humphreys and Flanagan announce change to immigration arrangements for spouses and partners of Critical Skills Employment Permit Holders

6th March 2019

Change to give immediate and full access to the Irish Labour Market without the need for an employment permit

Heather Humphreys TD, Minister for Business, Enterprise and Innovation, and Charlie Flanagan TD, Minister for Justice and Equality, today (Wednesday, 6th March 2019) announced that the spouses and partners of Critical Skills Employment Permit holders will be able to access the Irish labour market without the need to obtain an employment permit. This change will streamline existing processes and result in a more attractive offering for both investors and international talent.

European Election Campaign

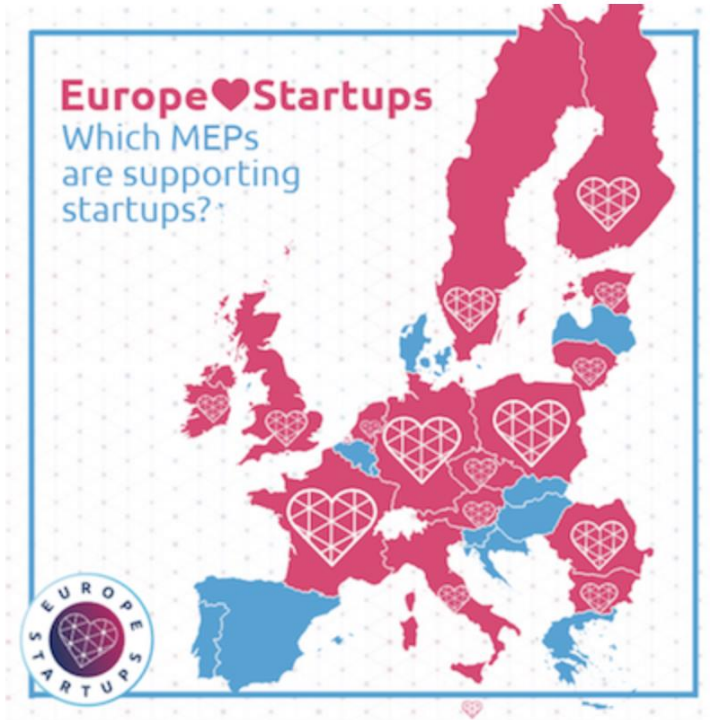
Building support at European level

April - May 2019

Ahead of the European elections on 24 May, we contacted MEP candidates seeking their support for the Allied for Startups 'Europe Loves Startups' campaign.

We were delighted to receive support from four of the main candidates (three of whom were ultimately elected) to add Ireland to the campaign map:

- Sean Kelly (FG) - Elected
- Billy Kelleher (FF) - Elected
- Deirdre Clune (FG) - Elected
- Malcolm Byrne (FF)



Europe ♥ Startups is a European movement with over two dozen MEPs from 16 EU Member States already supporting the campaign.

National Competitiveness Council

Getting the startup narrative into Government

April 2019

Leveraging Patrick Walsh's membership of the National Competitiveness Council, we submitted written comments on the final draft of the NCC's latest Cost of Doing Business in Ireland report.

Our input focused on highlighting the distinct nature of innovation-driven enterprises and the specific challenges they face.

At the report launch the Chair of the NCC referenced the challenge for startups, which was picked up media.

Engagement with the NCC will continue in June.

National
Competitiveness
Council



An Chomhairle
Náisiúnta Iomláochas
National Competitiveness
Council



Cost of Doing Business in
Ireland
April 2019



Government engagement with Dogpatch Labs

Engagement with key Government stakeholders

March 2019

Dogpatch Labs hosted the Government's launch of *Future Jobs Ireland 2019: Preparing Now for Tomorrow's Economy*, a new, whole-of-Government framework for the next phase of Ireland's economic development.

The Dogpatch team met and engaged with key Government stakeholders for the project:

- An Taoiseach, Leo Varadkar TD
- Minister for Business, Heather Humphreys TD
- Minister for Finance, Paschal Donohoe TD



Dept Finance - Pre-Budget Submission

Pre-Budget Submission submitted

July 31 2019

Submitted submission to Dept Finance, sent in to:

- Minister for Finance - Paschal Donohoe
- DBEI - Minister Humphries
- Michael McGrath - FF
- An Taoiseach
- Enterprise Ireland - Julie Sinnamon



#Budget2020: progress on priority areas for innovation- driven enterprise, detail to follow in Finance Bill 2019



Talent

Welcome changes to KEEP share options:

1. Permitting group structures making it accessible to more companies
2. "Part-time" KEEP employees eligible - may allow grant KEEP options to Non-Exec Directors & Advisers (Pending Finance Bill)



Capital

EIS changes will boost early-stage funding:

1. Level of relief: full relief (40%) to be provided in year investment is made
2. Annual investment limit: increases from €150K to €250K, €500K for 10 yrs



Innovation

R&D Tax Credits to boost home-grown innovation:

1. Rise in R&D credit to 30% for micro & small companies
2. Micro & small companies conducting pre-trading R&D can claim Tax Credit before trading starts
3. Rise in limit on outsourcing to 3rd level institutes from 5% to 15%



Incentivising Entrepreneurship

No change to CGT Entrepreneur Relief, as expected.

However, Dept Finance to consider possible changes to relief to "better support entrepreneurs and entrepreneurship."

Earned Income Tax Credit rises by €150 to €1500