

Digital Startup Ecosystem Overview

January 2018





Mobile World Capital Barcelona is an initiative driving the mobile and digital transformation of society while helping improve people's lives globally.

With support of the public and private sector throughout Barcelona, Catalonia and Spain, MWCcapital focuses on three areas: the acceleration of **innovation** through digital-based entrepreneurship, the digital **transformation** of industries and the **empowerment** of new generations, professionals and citizens in the use of digital technologies. Collectively, our programmes are positively transforming Education, Industry and the Economy.

MWCcapital hosts the Mobile World Congress and delivers 4 Years From Now [4YFN], a business platform for the startup community.

www.mobileworldcapital.com

Digital Startup Ecosystem Overview 2017

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Spanish Startup Ecosystem

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- European tech hubs
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- Ecosystem rating
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- Jobs & education
- Community builders

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Investment in Spain

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- Top rounds
- Top invested sectors
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Barcelona Digital Hub

- Overview
- Location of founders
- Investment figures
- Top invested sectors
- 4 Years from now
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Conclusions

SPANISH STARTUP ECOSYSTEM

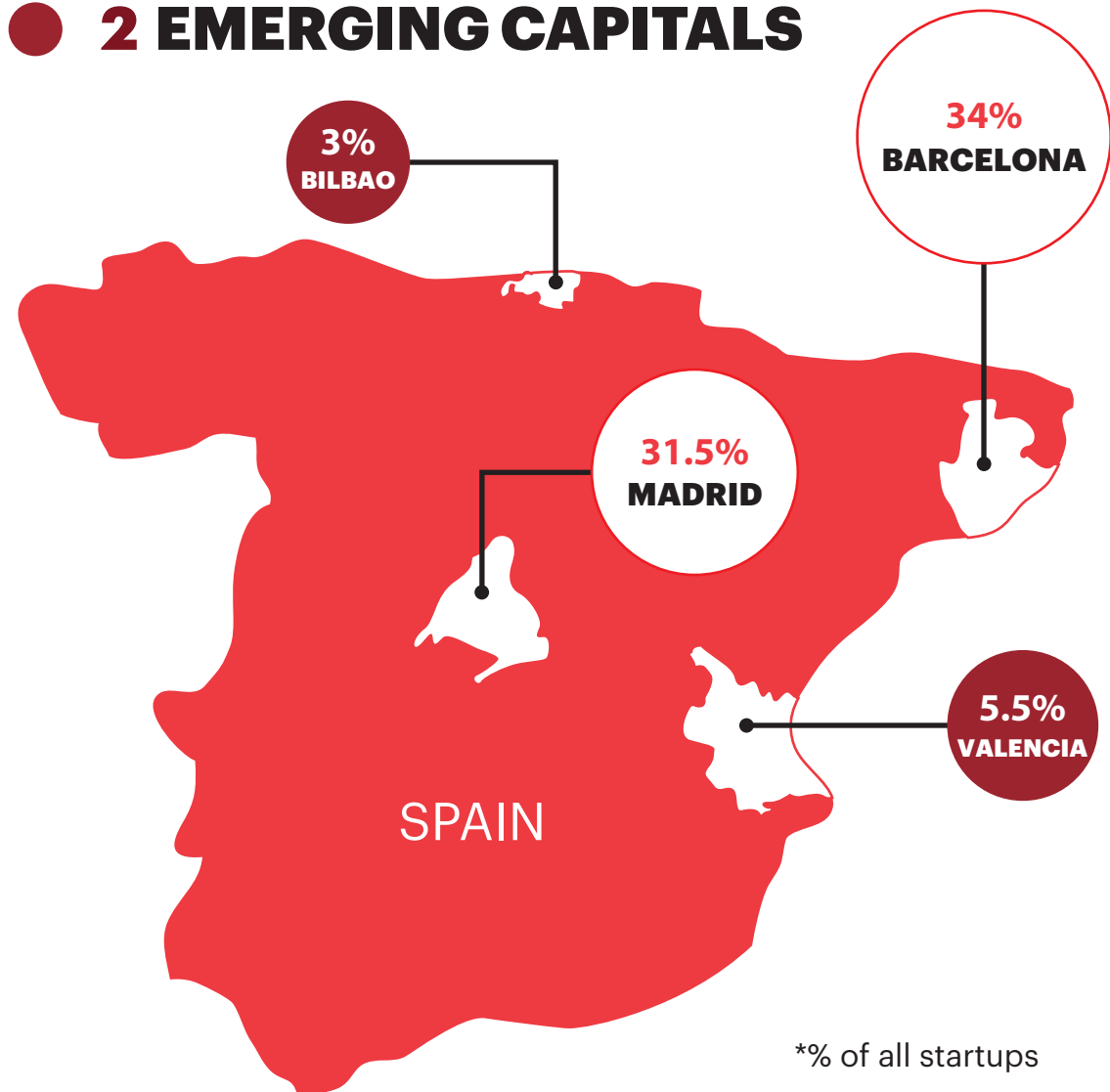
3.258

STARTUPS IN **SPAIN** IN 2017

The Spanish startup community has grown around 20% with respect to the previous year (2.663 in 2016).

Barcelona remains at the head while Bilbao asserts its position as an emerging capital and already accounts for 3% of all Spanish startups.

○ **2 MAIN HUBS**
● **2 EMERGING CAPITALS**





The main driver behind the growth of the Spanish startup ecosystem is the ambition and increasingly global vision of entrepreneurs who, especially in the last 5 years, approach projects with a perspective aimed at global markets, right from the moment these projects are created. Then, after testing their businesses in the local market they immediately open up to conquering other markets in the US or Europe, competing from here with other startups around the world. In addition, initiatives such as Mobile World Capital, ICO's Venture Capital Funding Program, ENISA, ICF and Avanza, have helped significantly to increase the ratio of investment per capita in venture capital and bring us closer to the European average.



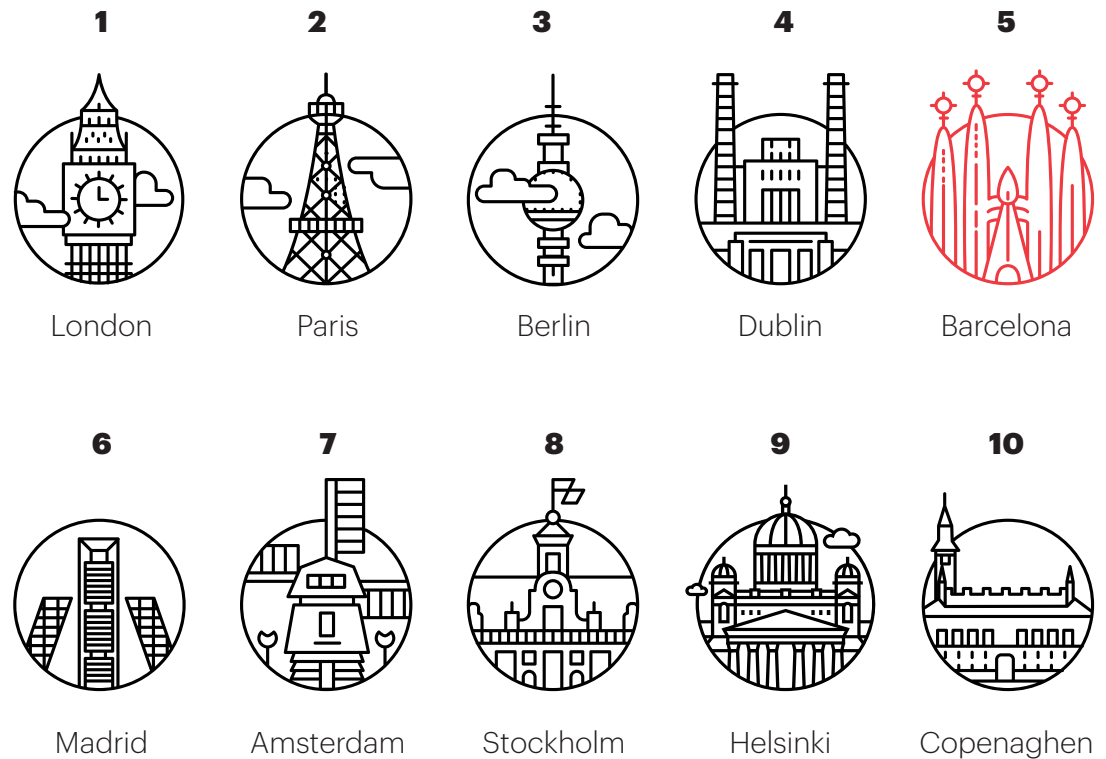
Miguel Vicente

President of Barcelona Tech City & Co-Founder
of Antai Venture Builder

AROUND **78 TECH HUBS** IN **EUROPE**

Barcelona and **Madrid** stand among the **Top 10 European Hubs** and validate their position by number of Startups.

European hubs ranked by number of startups



STRONG **GROWTH** **OF STARTUPS** FOCUSED ON **SOCIAL** AND **ENTERPRISE** **PLATFORMS**

Social replaces e-commerce on first place due to the maturity of the market and the diversification of the activities.

Creation of new startup focused on new sectors with high growth potential.



18.3%
Social



16.1%
Enterprise



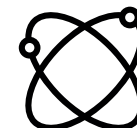
14.7%
e-Commerce



12.8%
Mobile



7.2%
Tourism



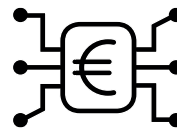
7.1%
Health & Science



6.7%
Media



5.9%
Education



5.5%
Fintech



1.7%
Gaming



4.1%
Others



Capacity for innovation and agility are fundamental. Right now, every vertical industry is being reinvented by companies that are taking advantage of evolving technology and changes, like the cloud. Some startups are disrupting longstanding industries and inventing new ones. Every company in the world has to keep transforming the customer experience as well as their business to remain competitive.



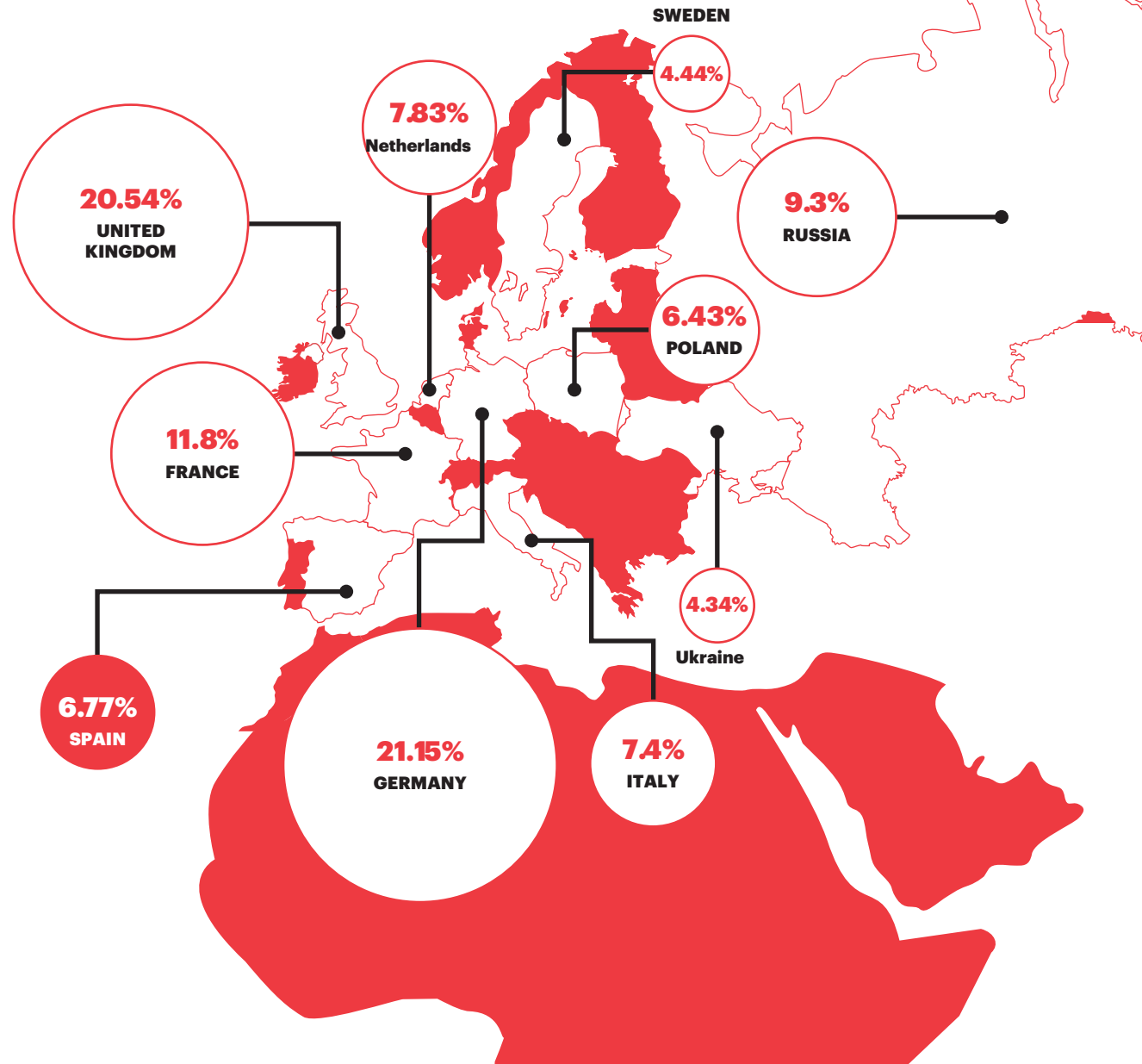
Andreu Castellano

Head of Corporate Communications
Amazon Spain

Healthy developers density

SPAIN IS THE **7TH**
COUNTRY WITH
THE MOST
**PROFESSIONAL
DEVELOPERS**
(EUROPE)

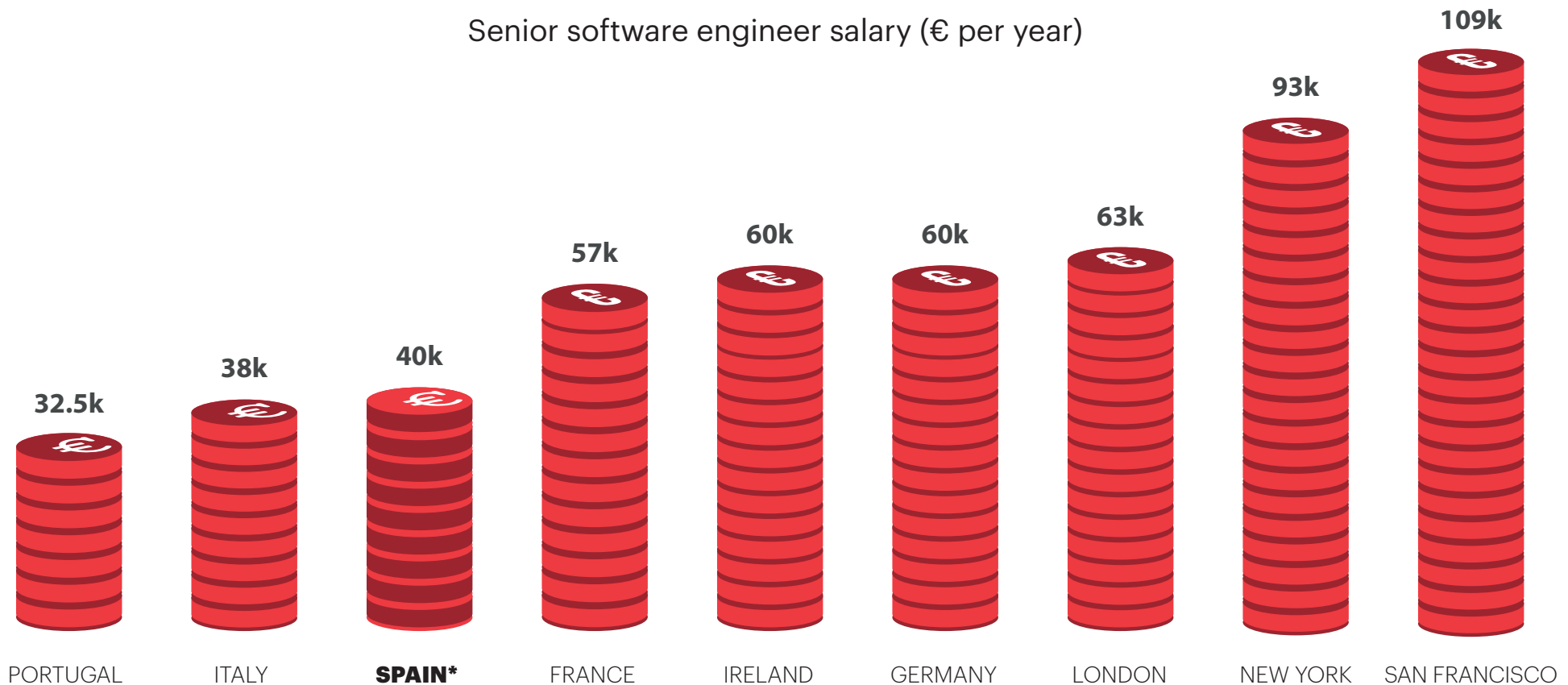
Countries with the highest professional
developer populations



...AND ALSO SHOWS A HIGHLY **COMPETITIVE COST** COMPARED TO OTHER COUNTRIES (WORLDWIDE)

Salaries in Spain have stabilized and continue to be highly competitive regarding other large hubs and the average global salary.

Senior software engineer salary (€ per year)



Source: Atomico, Glassdoor, Startup Genome

*Senior Software Engineer Salary Madrid and Barcelona



Spain's startup development is certainly growing. From a local perspective the past crisis dramatically impacted employment and confidence in the traditional job system, thus fostering entrepreneurship as an interesting option for both young and mature professionals. In parallel, from a global point of view, Spain is a nice place to live and work so it is structurally attracting international talent to this secure, connected, and diverse ecosystem, that includes unsurpassed quality of lifestyle. On top of that, startups that choose to operate in Spain can easily address not only Spain's domestic market but as well create a beachhead to tackle the Spanish speaking community, which is the 2nd largest in the digital space.



Nacho de Pinedo

CEO ISDI

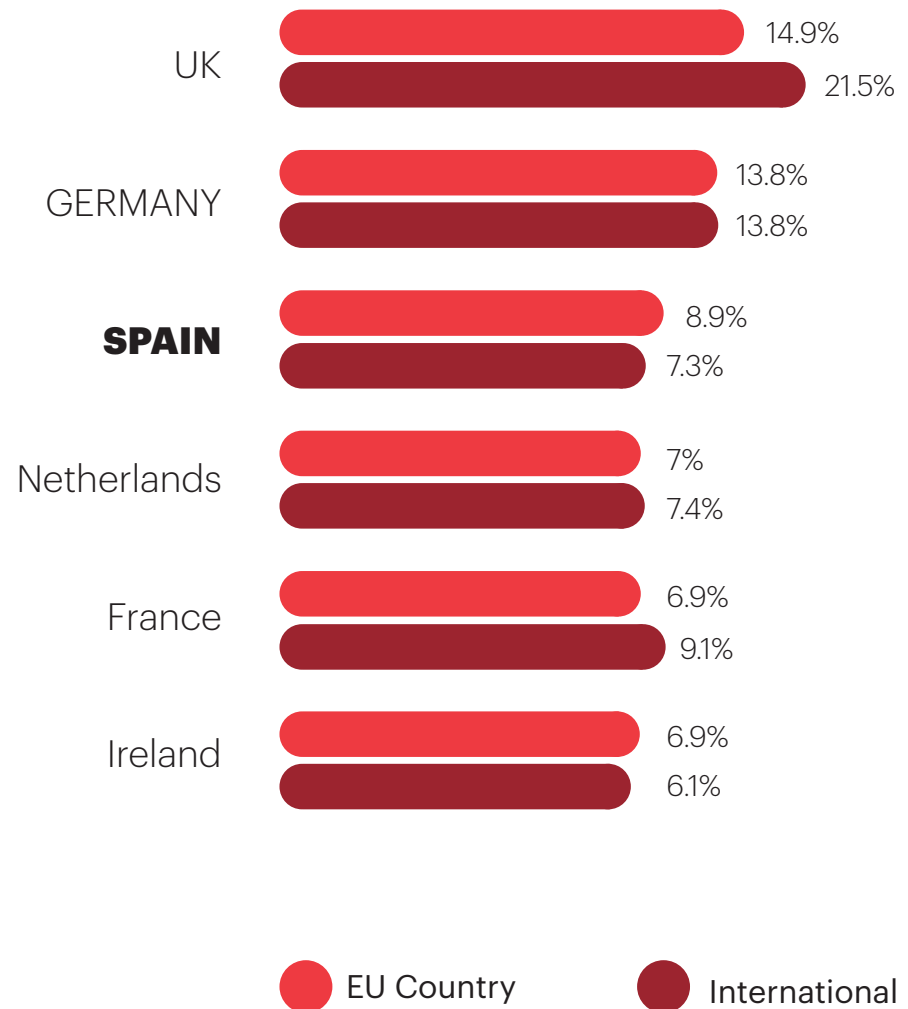
SPAIN IS ATTRACTING TALENT...

Spain is the 3rd destination for European tech talent...

...and the 5th for all international movers to Europe.

UK is still the main destination for talent but Germany improves its position with regard to the previous year, becoming the UK's main competitor.

Top 6 European destinations for European and all international movers

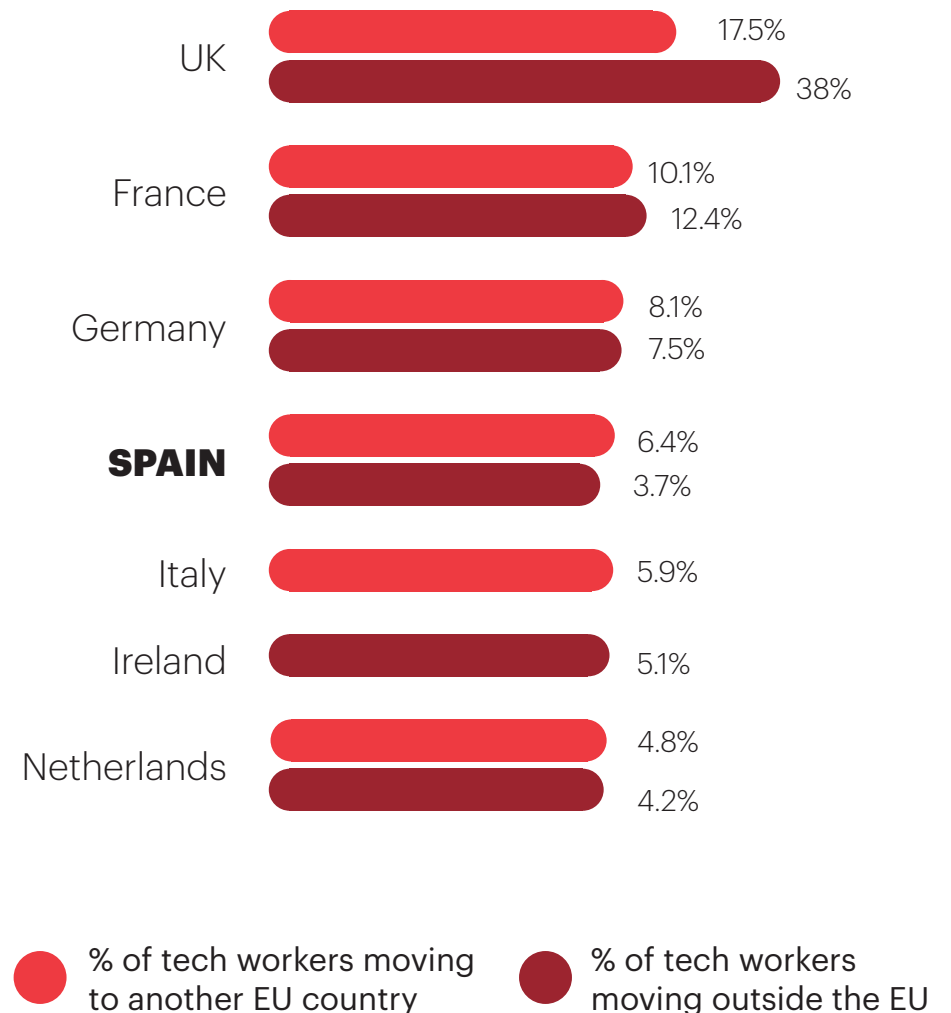


...AND **EXPORTING** IT, BEING A GREAT **SOURCE OF TALENT** FOR TOP DIGITAL INNOVATION HUBS

Spain is the fourth exporter of talent to other EU countries, after the UK, France and Germany...

...and the 6th exporter of talent to non-EU countries

Top European countries exporting talent





Universities have to become key agents of the startup ecosystem by providing talent, knowledge, methodologies and technology. To that end, they should promote their openness to systematically connect with the agents of their environment. Universities should opt for creating programs that promote an entrepreneurial spirit and put forward mechanisms to turn the results of their investigations into solid business projects. The technical solvency already exists; it's just a matter of complementing it with business management know-how.



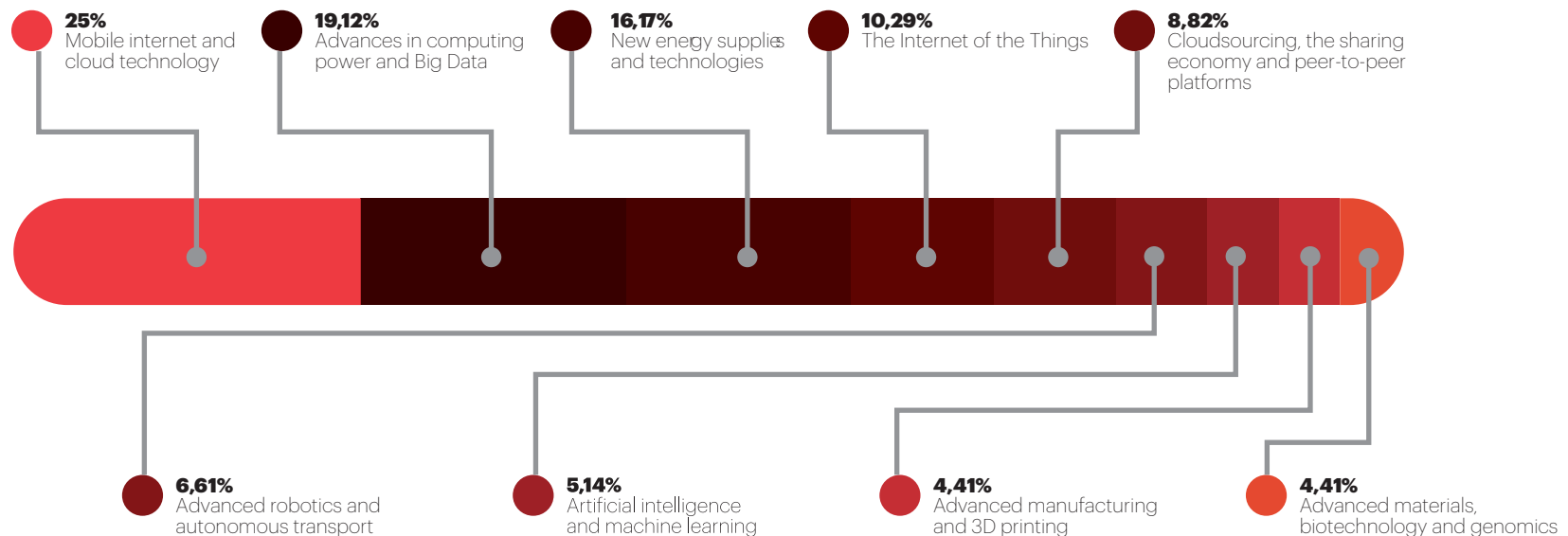
Oriol Alcoba

CEO of ESADECREAPOLIS

The digital age requires new abilities that respond to the needs of the market.

80% OF SPANIARDS between the ages of 20 and 30 who will find employment in the near future will have job positions that are either brand new or in-the-making.

Technological drivers of change



SPAIN IS THE SECOND COUNTRY WITH THE **HIGHEST NUMBER OF COWORKING SPACES** IN EUROPE.

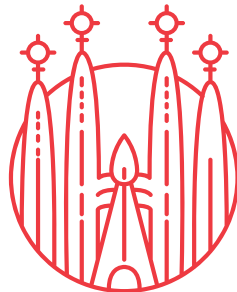
The growth of these spaces constitutes an important foundation for the development of a sturdy ecosystem that promotes the creation of new entrepreneurial initiatives and encourages talent to connect.

United Kingdom



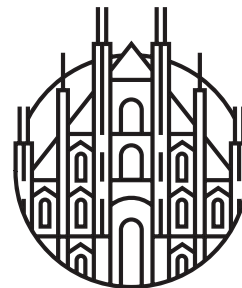
287
SPACES

Spain



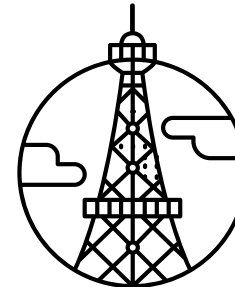
129
SPACES

Italy



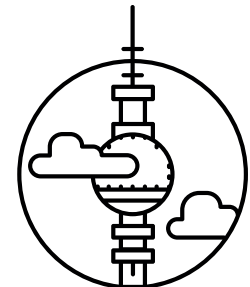
90
SPACES

France



73
SPACES

Germany



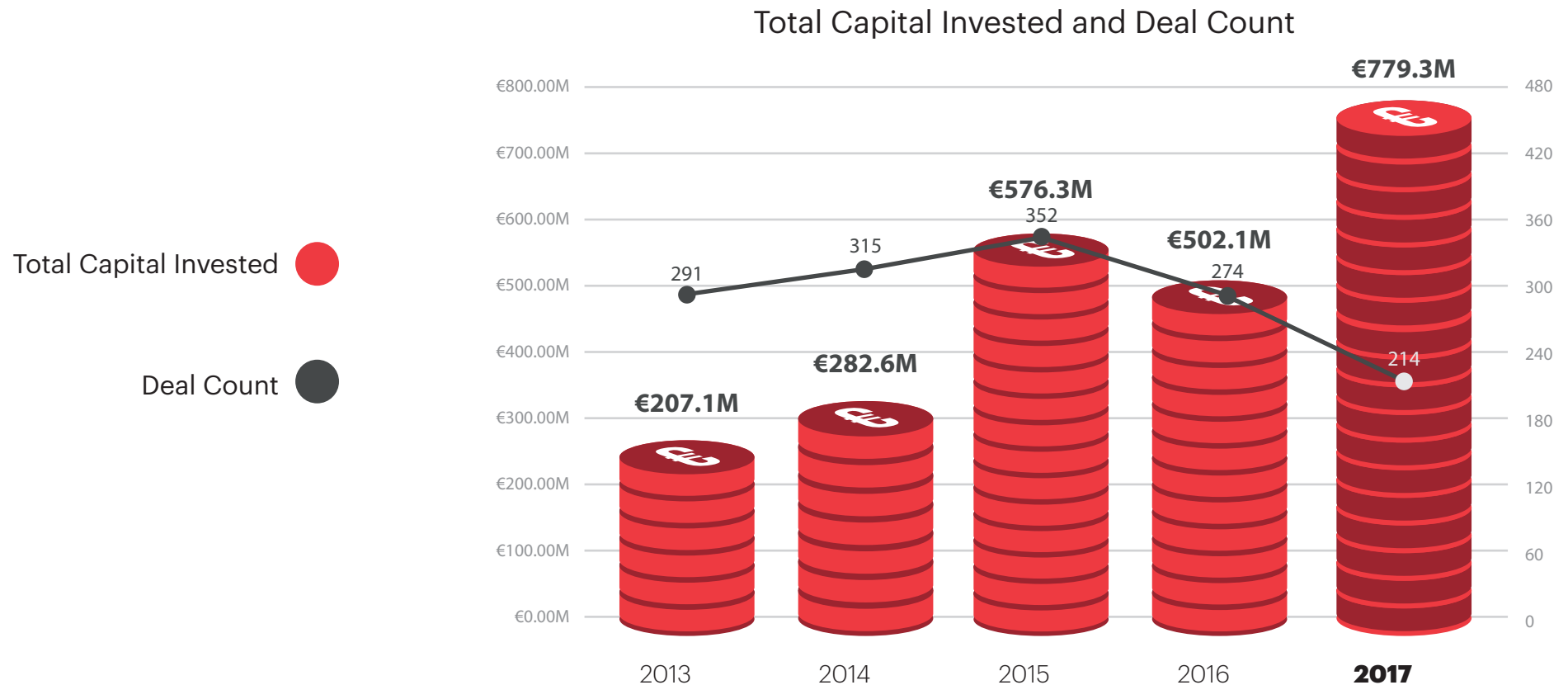
52
SPACES

INVESTMENT IN SPAIN

INVESTMENTS SHOOT UP TO **€779.3M**

Spain presents one of the largest investment growths in Europe (+45% YoY).

This growth brings Spanish hubs closer to the investment level of Europe's main tech hubs.





The entry of European and American funds (more than 100) investing in Spanish startups have accounted for more than a 40% growth of the investments in Spain.



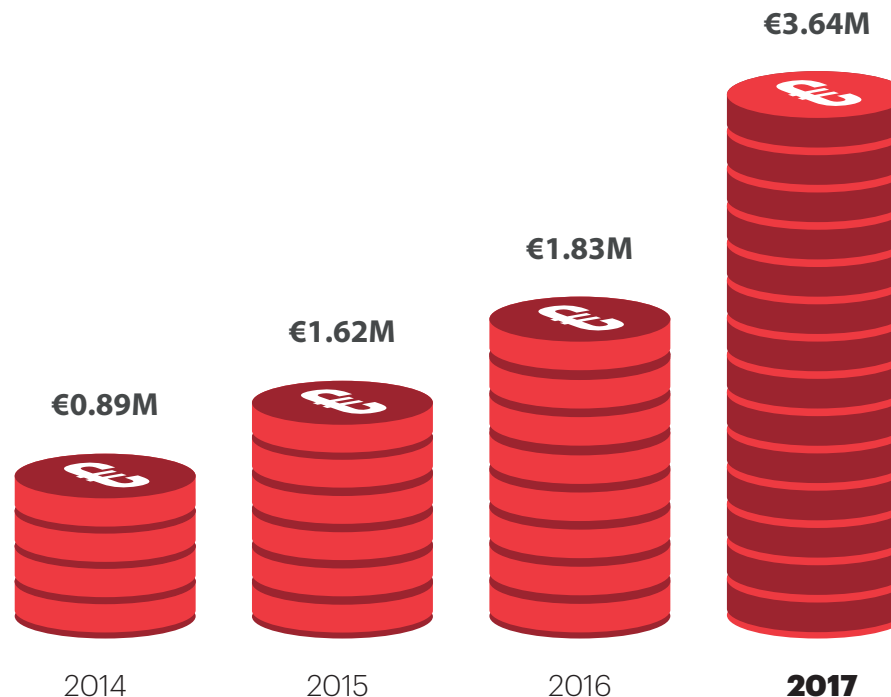
José María Torrego

Director of El Referente

THE AVERAGE **VALUE** OF INVESTMENT ROUNDS **DOUBLES**

Spain reaffirms the maturity of its market. The number of operations stabilizes while global investments rise, making the average value of these rounds soar up to twice that of the previous year.

Average round by capital invested



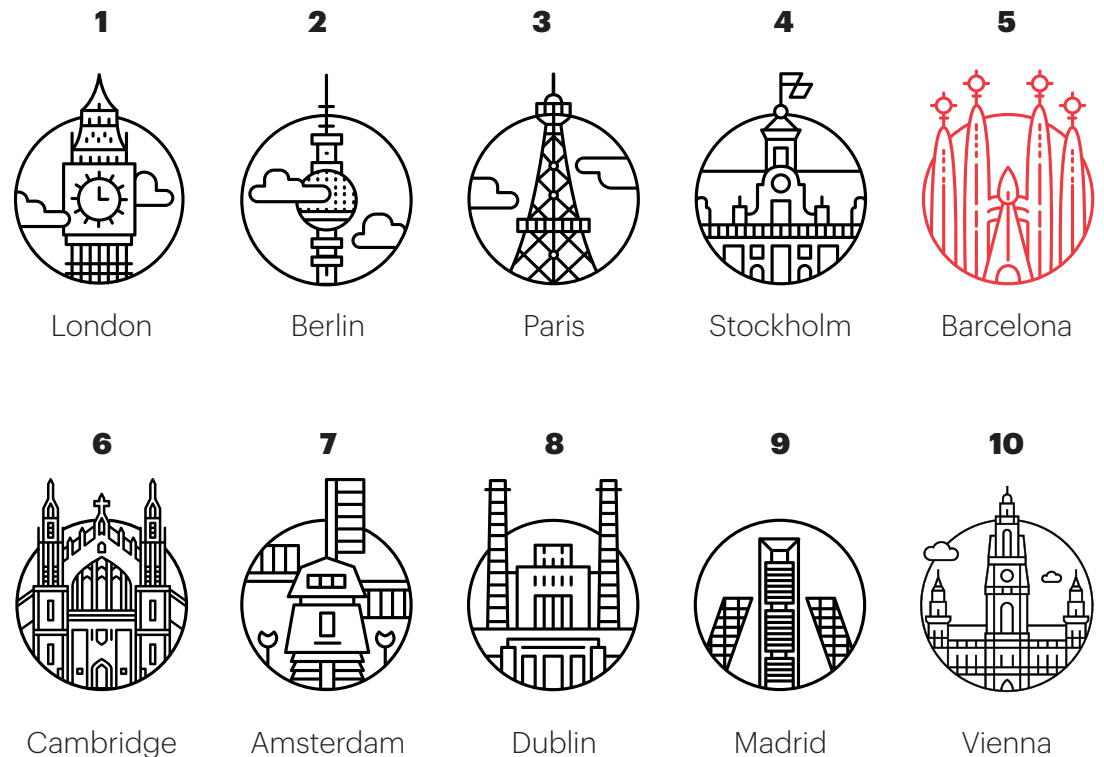
WITH 2 HUBS

Spain stands among the top 10 leading cities in terms of investment

Furthermore, regarding investments, **Barcelona** and **Madrid** bolster their position in the European hub Top 10 thanks to this year's increased investments.

A growing diversification in the power of the hubs is reflected by the large growth in investments in cities such as Barcelona, Amsterdam, Cambridge or Vienna.

Hubs ranked by amount of European investment (€M)





Barcelona has many factors that are making it increasingly attractive for big corporations: quality of life, pool of talent, startup ecosystem, etc... And all of them are quickly positioning Barcelona as a European startup & innovation city. The best way to understand the startup ecosystem is listening, listening and listening again. Companies need to be in a state of transition and experience an appropriate climate for innovation outside their own walls.



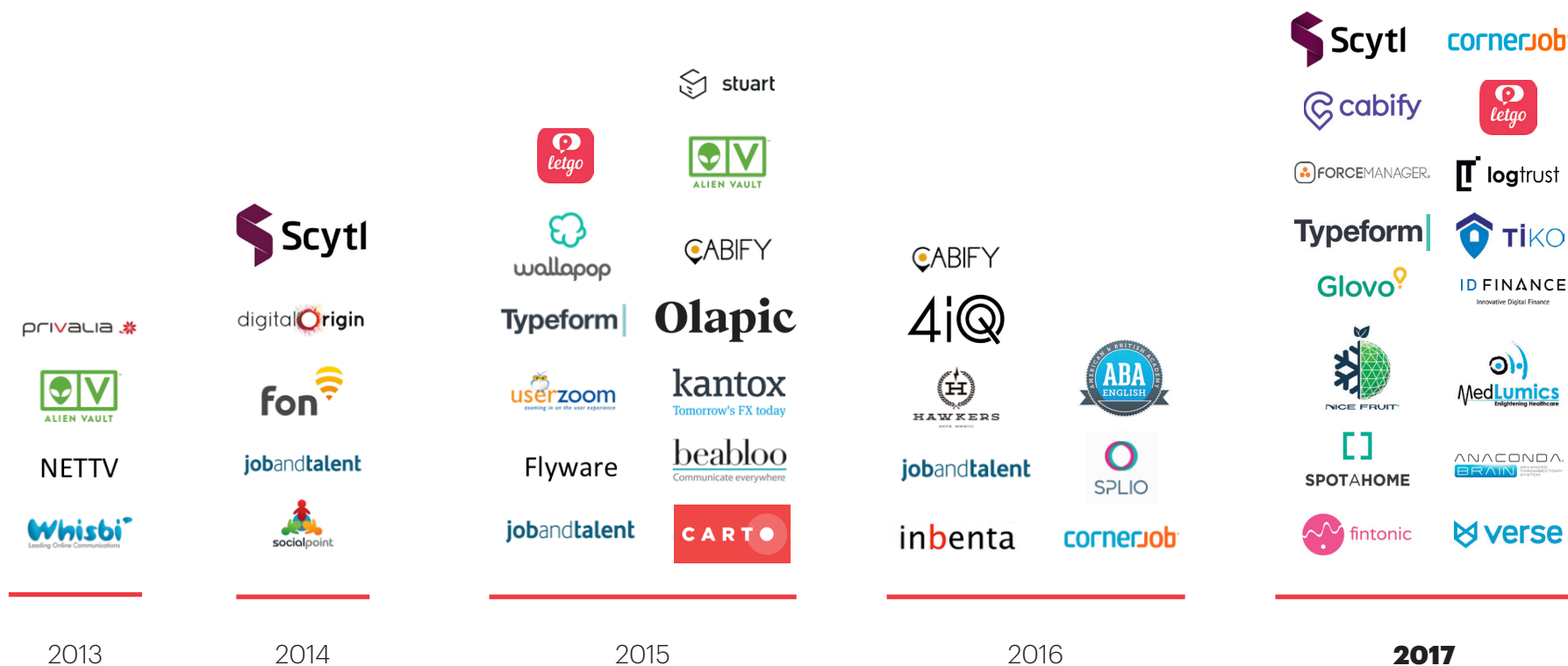
Silvana Churruca

CEO of the Payment Innovation Hub

ROUNDS BIGGER THAN €10M

24

REPORT BY MOBILE WORLD CAPITAL BARCELONA, 2018





The entrepreneurial ecosystem is maturing thanks to investment rounds of more than €10M. And then there's also the opening of more than 200 accelerators and startup incubators in recent years that help bring projects to full fruition.

In this sense, it's noteworthy how in recent years Spain has seen the appearance of a new generation of investors, who had previously been entrepreneurs and are now creating new funds.



Marta Dalmau

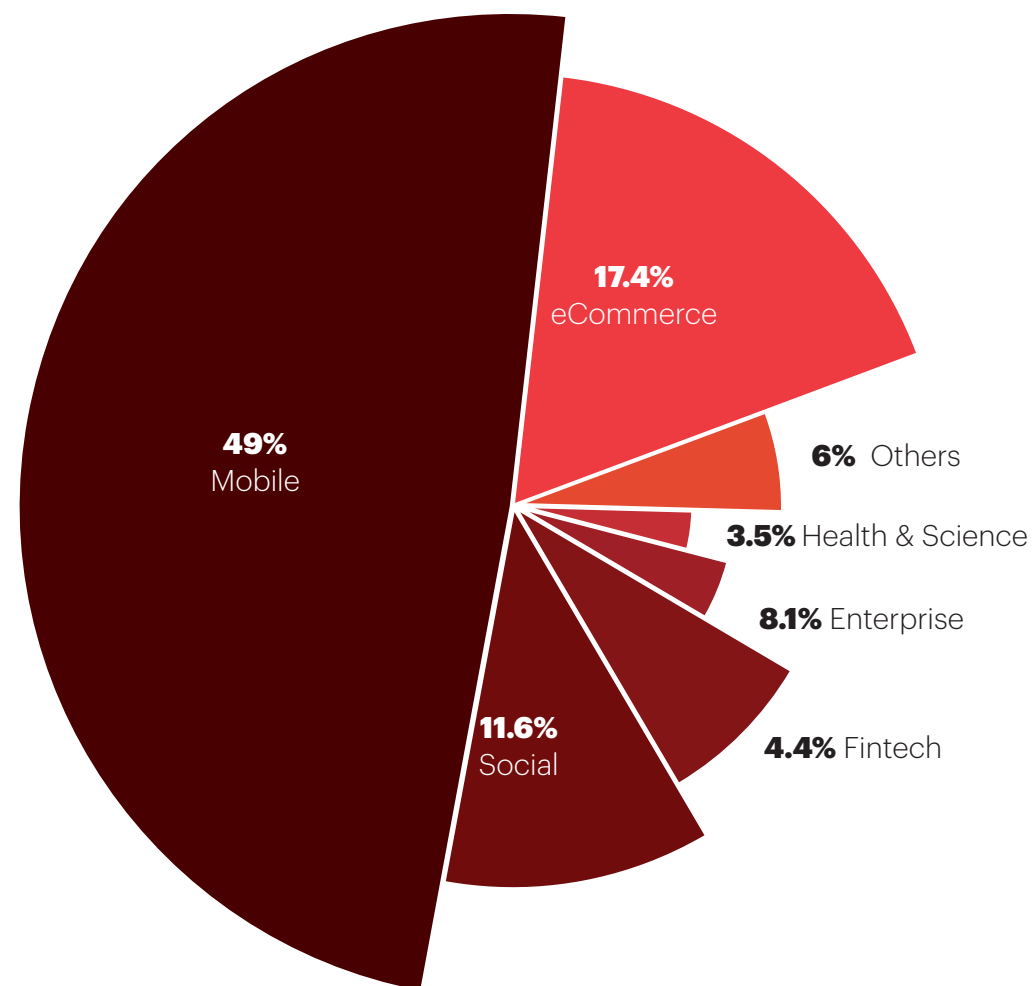
Chief of ICT and Digital Content Sector for ICEX

MOBILE IS THE MAIN SECTOR LEADING THE INVESTMENT

Spain is well positioned to lead Mobile and Ecommerce platforms as companies continue to attract large investment amounts.

Other sectors are also starting to attract capital investment as there is a major diversification and a growing expertise.

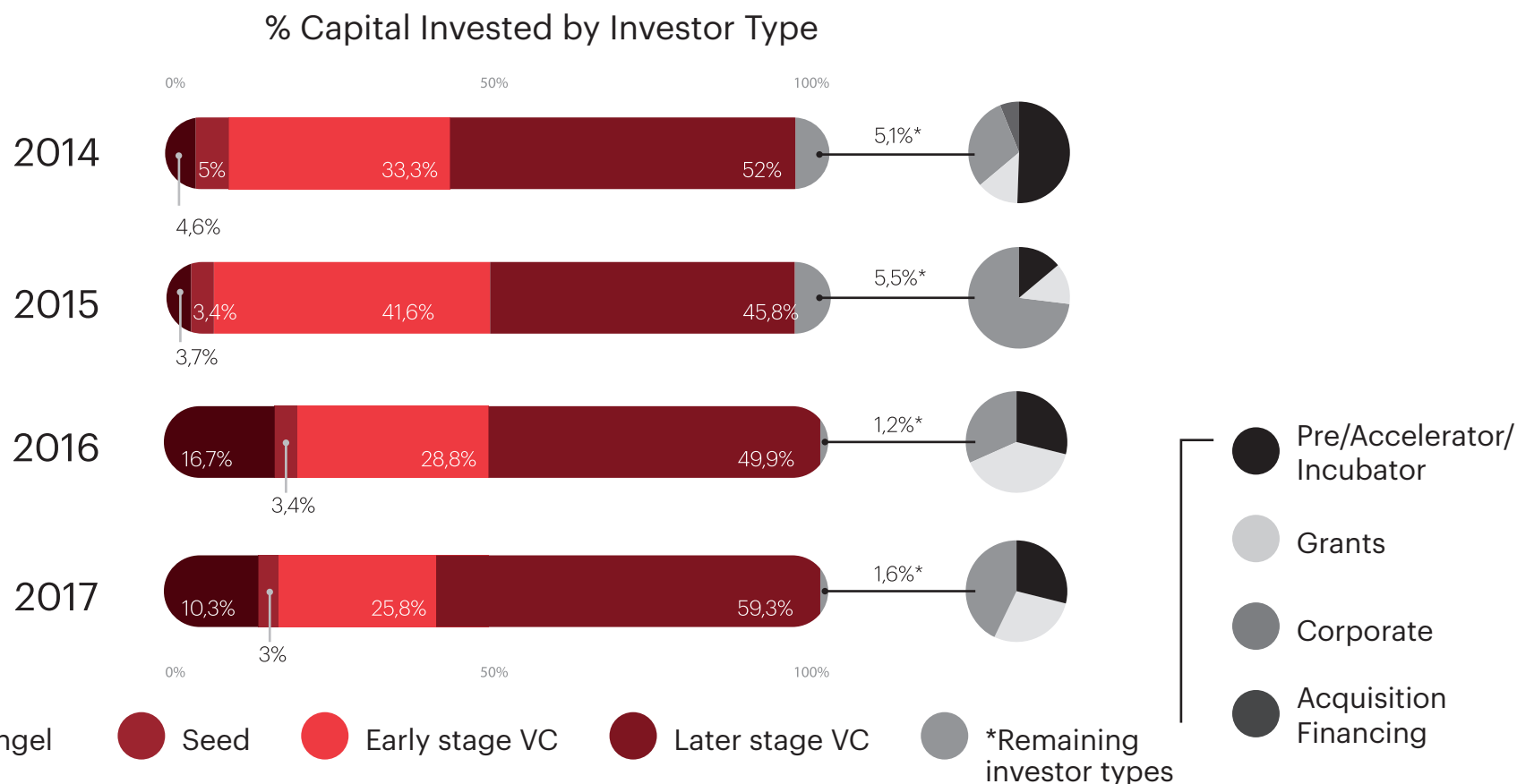
% Capital Invested by Industries



Spain Still shows **A HEALTHY MIX OF INVESTORS**

with a continuous investment flow around the ecosystem

About 60% of the rounds were less than €1M. A number that, together with the new entry of investment actors, creates a solid foundation for the ecosystem.





The growth of our ecosystem stands on three essential pillars: the consolidation of successful founders that have already developed and grown successful startups and then went on to start a new project or invest in helping new entrepreneurs develop new projects; the growing involvement of the corporate ventures of large companies that are increasingly involved in building, purchasing or accelerating potentially high-growth startups; and the improvement that Venture Capitalists develop thanks to the previous two points. The chances of an exit are increasingly likely and more advantageous for VCs.



Sergio Cortés

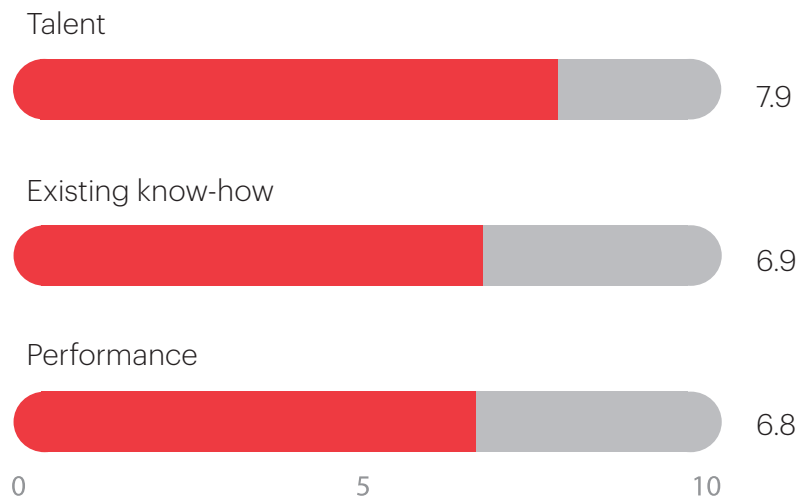
Founder and CEO Cink

THE **COMMUNITY** **RATES** THE SPANISH STARTUP ECOSYSTEM **7 OUT OF 10.**

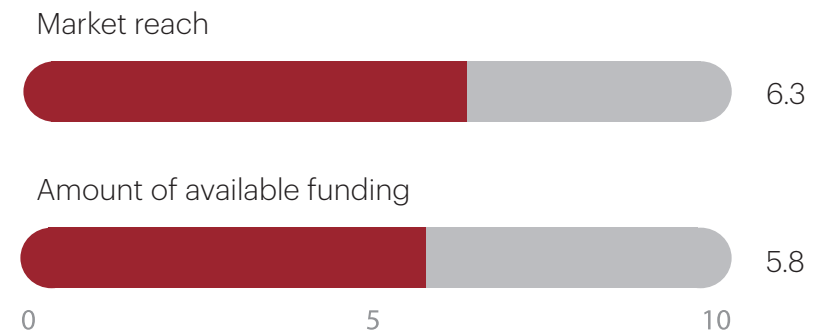
The features of the ecosystem most appreciated by the community are its **talent (7.9)** followed by the **existing know-how (6.9)** and its **performance (6.8)**.

Features to be improved include **market reach (6.3)** and the **amount of available funding (5.8)**.

Most appreciated features



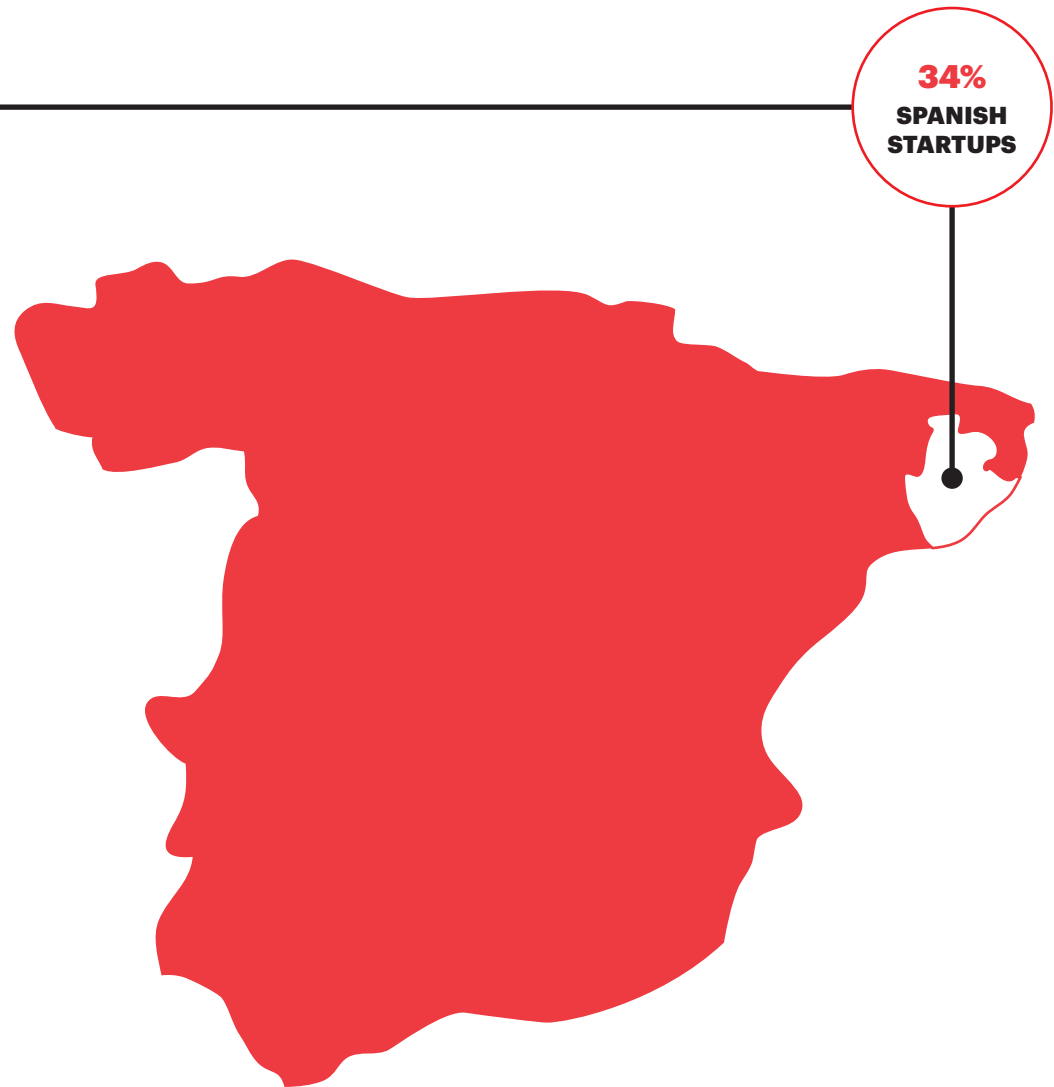
Features to be improved



BARCELONA DIGITAL HUB

BARCELONA
CONCENTRATES
34% OF ALL
**SPANISH
STARTUPS:**
AROUND **1,100**
TECH STARTUPS
ARE HOSTED IN
THIS CITY.

Barcelona's leadership keeps growing,
being the city with the highest number
of startups in Spain (+3.6%YoY)



“
Barcelona is one of Europe’s most active hubs because of the different players of the ecosystem that are aligned as infrastructures, a public administration that is acting as a catalyst, talent attraction partly due to the Spanish lifestyle... Investors are always looking for good investment opportunities where conditions are appropriate to generate it. So wherever an amazing deal flow of good opportunities is generated, and Barcelona is a great hub of generating investment opportunities.

“
Juan Álvarez de Lara

Founder and CEO of Seed&Click

BARCELONA IS THE **3RD MOST ATTRACTIVE CITY** FOR FOUNDERS

21% of founders point at Barcelona as the city where they would start new ventures.

Top 10 European hubs selected by European founders as their preferred location to start a new venture





The ever-increasing internationalization of Barcelona's startup ecosystem is one of the factors that I believe is most contributing to its development. The quality of life in Barcelona; its reputation as an open, innovative and creative city; its strategic infrastructures; and its connectivity all make it a highly attractive city for entrepreneurs and international talent.

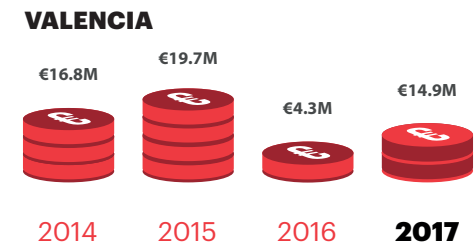
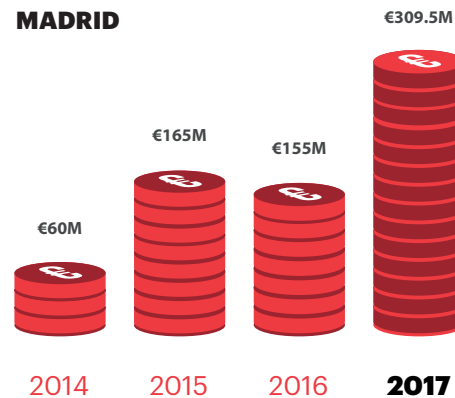
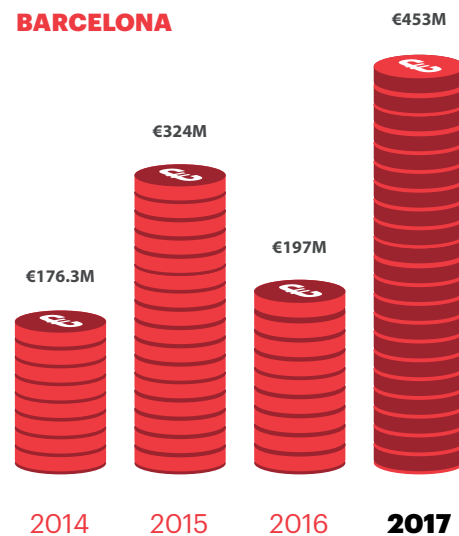


Lorenzo Di Pietro

Executive Director of Entrepreneurship, Business
and Innovation for Barcelona Activa

BARCELONA CONTINUES TO LEAD STARTUP INVESTMENTS

Capital Invested by Hub



58% of € invested in Spain went to
Barcelona-based startups (+2% YoY)

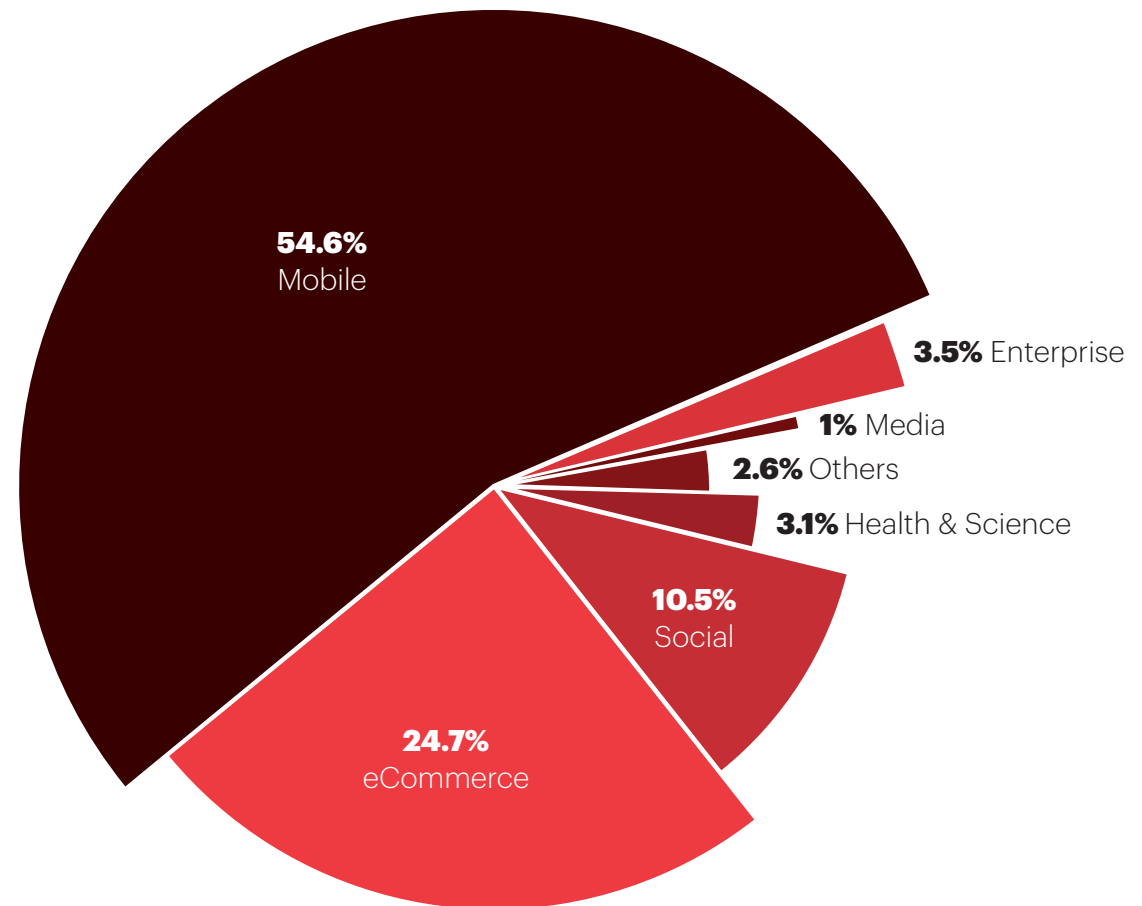


MOBILE STANDS AS TOP INVESTED SECTOR

Concentrating more than a **50% of the total investment amount in Barcelona.**

84,9% of the money invested in Barcelona is concentrated in the two sectors (Mobile and eCommerce) which shows an increasing degree of specialization of the city in this industries.

% Capital Invested by Industries





Barcelona is becoming a highly relevant hub in our new global reality. This city opts for a knowledge-driven economy, policies that support turning the results of public investigations into benefits for society and an ecosystem supported by a vigorous entrepreneurial spirit.



Pere Condom

Director of Catalunya Emprèn

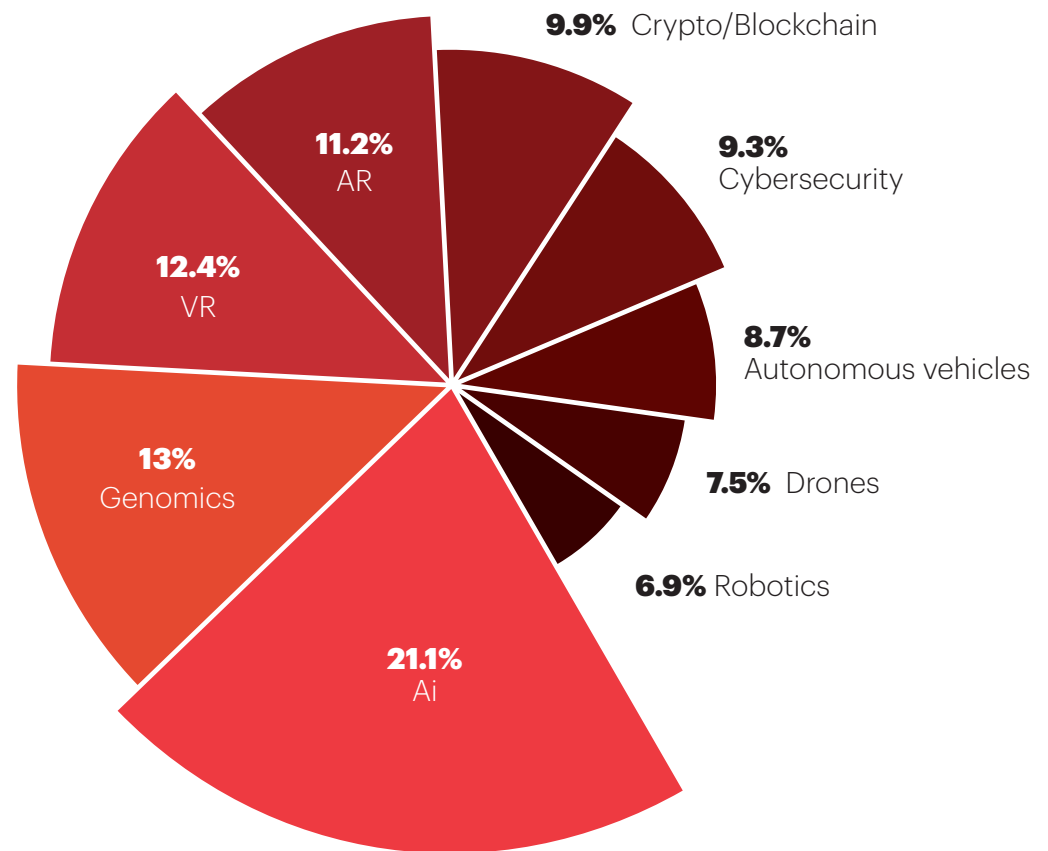
86% OF THE COMMUNITY

claims that Barcelona is “one of the world’s next hot startup ecosystems.”

21.12% OF THE COMMUNITY

thinks that Barcelona can become the worldwide flagship of AI hubs in 4 years.

Genomics, VR, AR and **Blockchain** complete the ranking of technologies that can take over Barcelona’s startup ecosystem in the next 4 years.

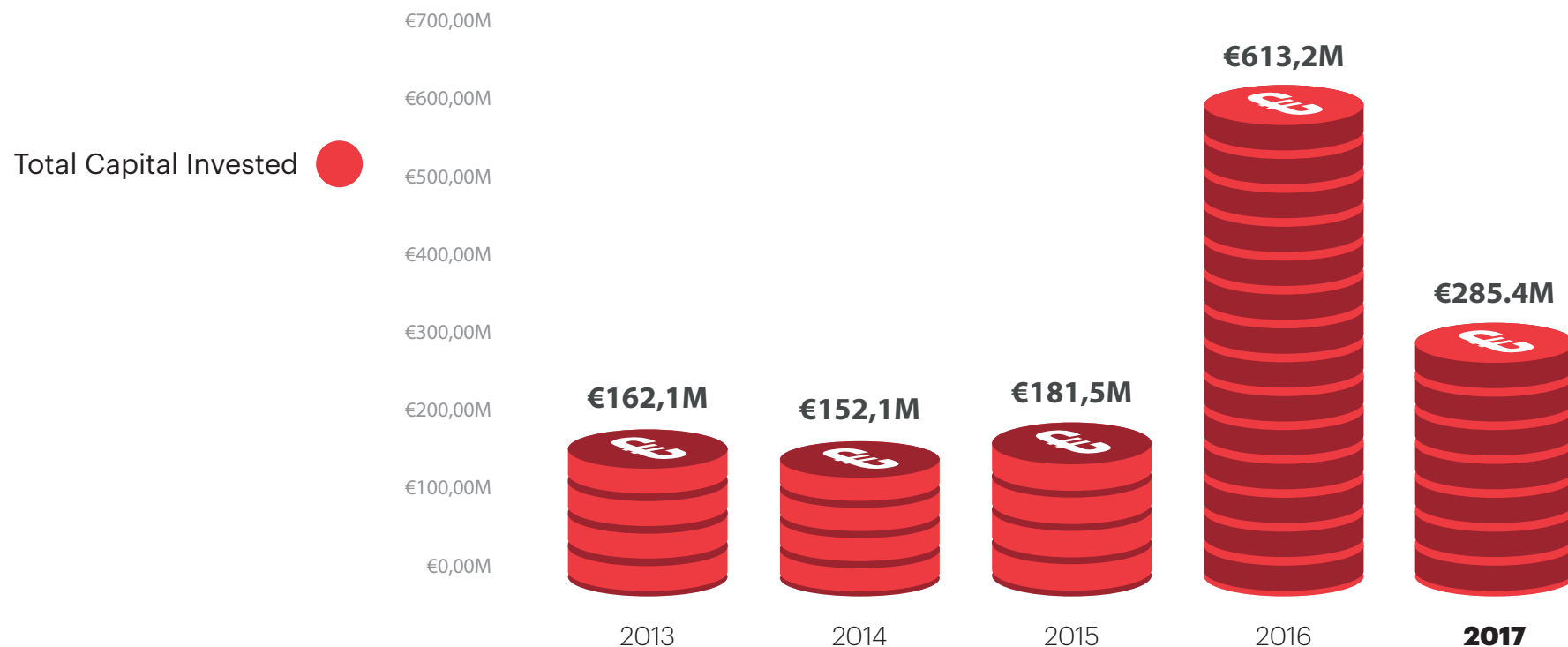


BARCELONA DEALS REPRESENT MORE THAN 60% OF THE CAPITAL FROM SPANISH EXITS

Barcelona's Exits decrease, but still show a positive progress compared to previous years taking into account Privalia's exit in 2016, which accounted for an 80% of the investment.

Mergers & Acquisitions

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Source: PitchBook Data, Inc.



Barcelona has allowed us to recruit talent. This city is comfortable and cosmopolitan, it has a strong artistic vocation, it's culturally active, and it's global. The good weather and geographic location – by the Mediterranean coast – make it even more attractive to international talent. This city's multicultural richness has encouraged many foreign companies to set up shop in its territory, with thousands of workers coming from other European cities such as London, Munich or Amsterdam. Barcelona is a highly attractive international center where people come together to fulfill their professional and personal challenges. For mytaxi, Barcelona's environment offers a competitive advantage, which is why we have opened our first global Tech Hub outside of Hamburg right in the heart of the city, where we have taken in about a hundred professionals, mainly developers.



Pablo Sánchez

Managing Director of Mytaxi in Spain

CONCLUSIONS

KEEP INVESTMENT GROWING

The level of investment and the volume of startups in Spain have increased significantly, bringing it very much in line with the major tech hubs in Europe. The degree of specialisation and the startups' maturity mean that the average investment has doubled and each time we are seeing more important investment rounds in Spain.

BARCELONA FIRST

Barcelona distinguishes itself as a leading European technology hub ranking 5th position. The city accommodates 34% of Spanish startups and takes 58% of the investments made in the country, more than 50% of which are for the mobile sector. It was also recently voted the third favourite for entrepreneurs to found their companies.

A PUSH ON DIGITAL TALENT

While Spain and specifically Barcelona are well positioned in terms of attracting international talent, there is a necessity to establish a talent base that assures competitiveness, and position the country as a relevant source of digital professionals, improving employability and promoting the growth of new digital-based companies.

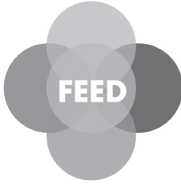
CONNECTING HUBS

Although there are two main hubs in Spain, two other capitals are emerging in the country: Valencia and Bilbao, are making a positive impact while growing their innovation ecosystems. We need to find synergies between all hubs, work together and collectively help building a stronger ecosystem leading innovation globally.

EASY TO STARTUP

Spain must define better law policies, making it easier and more attractive for startups to settle in Spain. Limitations, bureaucracy and tax friendly policies need to be designed and implemented if we want to take advantage of Spain's momentum and take the ecosystem to the next level keeping investors interested in Spanish startups.

All of the charts, tables and figures that are included in this report come from publicly available sources.



METHODOLOGY

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Share your thoughts on the spanish startup ecosystem

#StartupEcosystem

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STAY

EGS

www.mobileworldcapital.com