



Final report

DEVELOPMENT OF A BLUEPRINT APPROACH FOR A SUCCESSFUL CROSS-BORDER MATCHMAKING OF START-UPS WITH MIDCAPS

[Written by Mind the Bridge & European Startup Network]
[December – 2019]



EUROPEAN COMMISSION

Executive Agency for Small and Medium-sized Enterprises (EASME)
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Final report

GRO-SME-17-C-019, DEVELOPMENT OF A BLUEPRINT
APPROACH FOR A SUCCESSFUL CROSS-BORDER
MATCHMAKING OF START-UPS WITH MIDCAPS

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Luxembourg: Publications Office of the European Union, 2019

PDF ISBN 978-92-9202-614-1 doi: 10.2826/399450 EA-02-19-686-EN-N

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1. ABSTRACT

This final report for “development of a blueprint approach for a successful cross-border matchmaking of startups with midcaps”, describes the process of engaging mid sized companies to collaborate with startups as customers, suppliers and innovation partners.

The 25 participating midcaps went through an innovation needs assessment and were matched with almost 100 startups for 1:1 meetings. The matchmaking methodology resulted in 30% follow up meetings and 8 signed deals (monitored from Oct 2018 to Oct 2019).

The main insights are:

- Midcaps are unfamiliar with open innovation and the benefits of startup collaboration - attracting midcaps to these activities is difficult;
- On the other hand, participating midcaps are faster at making decisions and signing deals when compared with larger companies.

To scale this initiative further, the following is recommended:

- Promote awareness raising and capacity building for midcaps on the topics of open innovation through trusted third parties (e.g.: business support organizations)
- Replicate the cross-border matchmaking in more geographies and industrial sectors

Concluding, there is a huge opportunity in bringing midcaps to successful collaborations with innovative and agile startups. Cross-border matchmaking proves to be an efficient approach to stimulating such interactions and creating more European innovation.

2. BACKGROUND INFO

This document is the final report for DEVELOPMENT OF A BLUEPRINT APPROACH FOR A SUCCESSFUL CROSS-BORDER MATCHMAKING OF START-UPS WITH MIDCAPS (henceforth referred to as 'the project').

It has been implemented by Mind the Bridge and ESN (European Startup Network), referred to as 'the Consortium' in the rest of the document. This first section aims to provide some clarity on the context, methodology and objectives of the project.

2.1. Context

Midcaps are companies between 250-1000 employees and represent the "bridge" between small and large companies. They represent the target for SMEs and are the most qualified candidates to become large corporates. Typically midcaps around 2.46% of existing companies and yet command over 20% of the workforce and 23% of revenue¹. However, their innovation expenditure remains 1.73% of revenue. As larger companies spend on average over 5%, this means midcaps are companies facing the hurdles of scaling up: both a large, slow structure yet few resources to allocate to innovation. Midcaps' ability to innovate will determine the health of national and regional economies in the future. The challenge at European level is to stimulate sustainable economic growth by increasing the level of innovation in midcaps. Startups and scaleups can contribute to fill this innovation gap and help creating faster growing, internationally active midcaps.

According to 'Europe's next leaders - the Start-up and Scale-up Initiative', **startups** are often tech-enabled, in general combining fast growth, high reliance on innovation of product, processes and financing, utmost attention to new technological developments and extensive use of innovative business models, as well as, often, (relying on) collaborative platforms². **Scaleups** are enterprises with average annualised growth in employees (or in turnover) greater than 20% a year over a three-year period, and with 10 or more employees at the beginning of the observation period³. Scaleups are very different from SMEs and midcaps mainly because of their *growth rate* and *adoption of innovative business models*. In the last few years, Europe has made a lot of progress in producing more startups, but **the number of scaleups is still too low** (current estimated at **4,200**⁴). Even lower is the number of scaleups that have grown further and turned into scalers (86) or unicorns (16). These data show that startups meet **barriers to scale up** in Europe, mainly:

- There's a lack of collaboration between startups and other market players, namely corporates, midcaps, and SMEs.
- The Report on Startup Transatlantic M&A⁵ produced by Mind the Bridge in partnership with Crunchbase shows that European **scaleups get acquired too early** (36% are less than 5 years old) and with a **45% discount compared to American** scaleups. Furthermore, 44% of European scaleups are **acquired by US-based corporates**.

¹ Rammer, C.; Aschhoff, B.; Crass, D.; Doherr, T. Hud, M.; Köhler, C.; Peters, B.; Schubert, T. and F. Schwiebacher (2016): Innovationsverhalten der deutschen Wirtschaft. Indikatorenbericht zur Innovationserhebung 2015, Mannheim.

² European Commission, Europe's next leaders - the Start-up and Scale-up Initiative, Retrieved from: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2016:733:FIN>

³ Sherry Coutu, The scale-up report on UK economic growth, page 18, Retrieved from: <http://www.scaleupreport.org/scaleup-report.pdf>

⁴ Mind the Bridge, SEP Monitor, "Scaleup Europe", 2017 ; <https://mindthebridge.com/tech-scaleup-europe-2019-report/>

⁵ MTB & Crunchbase, Tech Startup M&As 2018 Report: <https://mindthebridge.com/mtbcrunchbase-techstartup-mas-2018/>

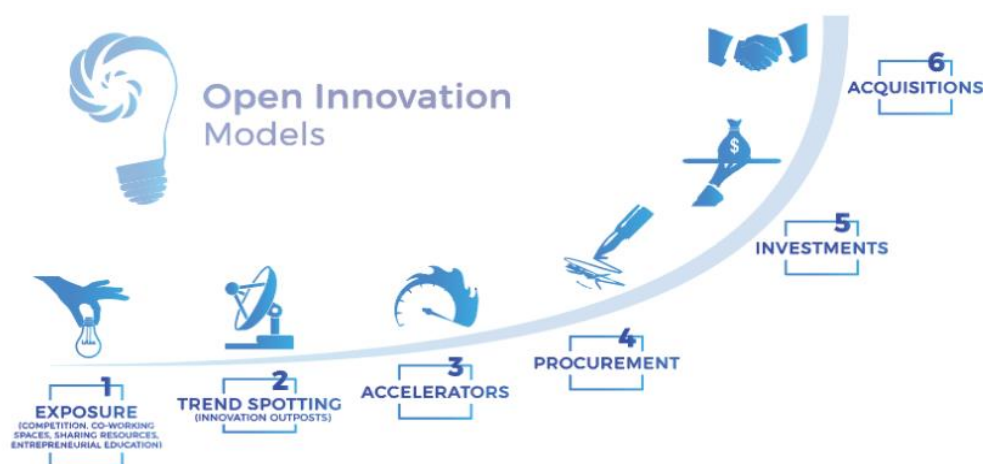
In order to have more large innovative companies in Europe, we need to see **more startups collaborating with established companies**. Startups and scaleups can provide midcaps with radical and disruptive innovation opportunities. On the other hand, midcaps can offer startups and scaleups with dimensional growth via commercial partnership and procurement and, eventually, exit opportunities for their investors. Furthermore, there are clear benefits in facilitating midcaps and startups to work together: they speak more of a common language (compared with large corporates) and share similar processes. Also, midcaps can provide startups with less 'growing pains' in the collaboration e.g. shorter decision cycles, more flexible payment terms, etc.

In order to produce an ecosystem where the different players work effectively together, the gaps still to be filled are:

- To **turn a higher percentage of European startups into scaleups** by finding the right business partners that can enable organic growth.
- To **prepare midcaps to innovate** and collaborate with new and fast-growing tech-driven companies, by sharing resources and knowledge to establish such partnerships.
- To test match-making and open innovation best practices to be applied to midcaps.

Open innovation, as a key feature in this report, is defined traditionally as "a distributed innovation process based on purposively managed knowledge flows across organizational boundaries, using pecuniary and non-pecuniary mechanisms in line with the organization's business model"⁶. For our purposes, it encompasses all the activities that an organization may take in the pursuit of innovation (deploying new products/services/processes) through interaction with external entities – in this case, how can midcaps augment their market value by collaborating with startups.

At Mind the Bridge, the typical Open Innovation Models we encounter are summarized in the figure below:



Exposure: Many firms begin their startup engagement by increasing their exposure to startups and entrepreneurial culture. This is often done by running one-off startup events, such as hackathons and competitions, or through the provision of free tools,

⁶ Chesbrough, H., & Bogers, M. 2014. Explicating open innovation: Clarifying an emerging paradigm for understanding innovation. In H. Chesbrough, W. Vanhaverbeke, & J. West (Eds.), *New Frontiers in Open Innovation*: 3-28. Oxford: Oxford University Press. Page 17.

entrepreneurial resources, and sponsorship. These are relatively 'light-touch' ways of experimenting with startup engagement, and gaining an initial idea of the kinds of technologies and capabilities they offer, without longer-term commitment.

Trend Spotting / Innovation Outposts: Once firms have decided that they want more regular or more structured engagement with startups, many establish dedicated 'outposts' within the most active startups ecosystems. These often serve a 'trend spotting' function, scanning a wide range of interesting startups, as well as being a more structured way for scouting innovative commercial or strategic solutions. Typically situated in global technology hotspots, such as Israel or Silicon Valley, these 'innovation outposts' can take different forms, ranging from 'antennas' (a person or a 2-3 people team in a co-working space³) and CVC offices, to more structured presences like innovation labs and R&D centres.

Accelerators: Accelerators are a step beyond 'Innovation Outposts', typically providing substantial support to startups, as well as (in many cases) deeper engagement with the corporate. For this reason, some firms, like KBC Group, Vodafone Group and Google have pursued a strategy of opening programmes both in Eastern and Western Europe. Although many accelerators are international in nature, accepting startups from beyond the host country, many startups are unwilling or unable to relocate. Third-party accelerators remain an attractive alternative in order to expand reach, start quickly, or hedge bets.

Procurement & Co-Development: For startups, a corporate client or development partner can provide crucial validation. For corporates, procurement is an important means of bringing new ideas and technologies into a company, or incorporating innovations into supply chains for the benefit of end-users. However, common problems reported by startups include difficulties in meeting procurement qualification criteria, bureaucratic registration processes which are not designed for 'non-standard' procurement, and slow payment - which causes significant cash-flow problems for small enterprises. Startup-friendly firms thus go out of their way to reduce the time taken to register as a new supplier and aim to pay suppliers promptly. Most avoided asking startups for ISO certification or financial indemnities because of the burden it imposed on those firms. Around half reported having dedicated legal teams or fast-track processes for startups, potentially including template agreements, new due diligence processes tailored to startups and technical upskilling programs.

Investments: Investment in startups requires significant resources and expertise. Yet the benefits can be compelling, often creating a competitive advantage through exclusive access to cutting-edge technologies and other innovations.

Acquisitions: European firms remain significantly less acquisitive than US companies. However, this is changing, as more European corporates realise that the acquisition of young companies is an effective way of building up next generation products, expanding to new markets, or simply acquiring new (digital) capabilities. That said, US companies play a relevant role on the European startup M&A scene (with 27% of acquisitions of European startups being by US corporates). Depending on the reason for acquisition, startups either join an existing unit or continue to operate as an independent unit. Some mature-stage startups are even given responsibilities for other units and products. In addition, many acquisitions of early stage startups are aimed at internalising people and talent rather than products and technologies; in these situation the startup team are often integrated inside the buyer's corporate structure, though often with some continued autonomy and separation (incentives, location, reporting lines).

The Consortium (consisting of Mind the Bridge and the European Startup Network) sought to connect startups with midcaps cross-borderly through a sustainable

matchmaking approach that generates concrete business partnerships and commercial deals.

Effective collaboration between startups and midcaps has positive effects on the markets and its players. Specifically:

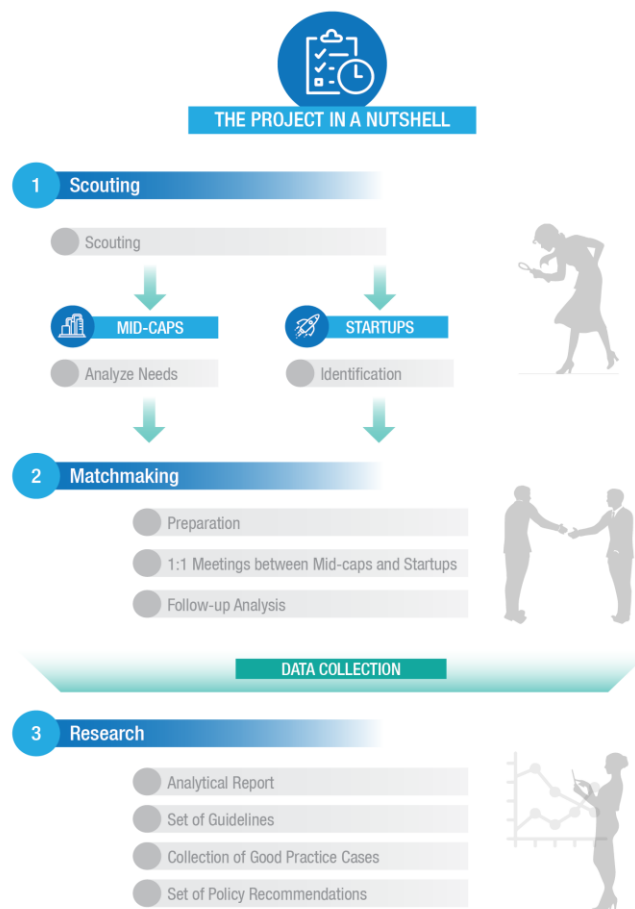
- More startups turning into large companies able to produce significant **revenue, employment, and innovation at scale.**
- Midcaps in traditional industries increasing their **innovativeness, growth rate,** and chances to **remain relevant** in an innovation-driven market.
- European innovation that **stays in Europe,** generates economic growth **within its borders,** and benefits **consumers.**
- More **cross-border** and **cross-industry** interactions that foster contamination and spread growth across geographies and industrial clusters.

2.2. Methodology

The tasks carried out by the Consortium to achieve the goals described above are:

1. To **propose** and **test** an approach to cross-border matchmaking between startups and midcaps, which would be appropriate for identifying, contacting, assessing and matching start-ups and midcaps;
2. To arrange the **matchmaking** and **analyse** the outcomes of the project;
3. To provide policymakers with **recommendations** on the necessary **framework conditions,** and missing or possible initiatives.

The project's key activities can be visualized below:

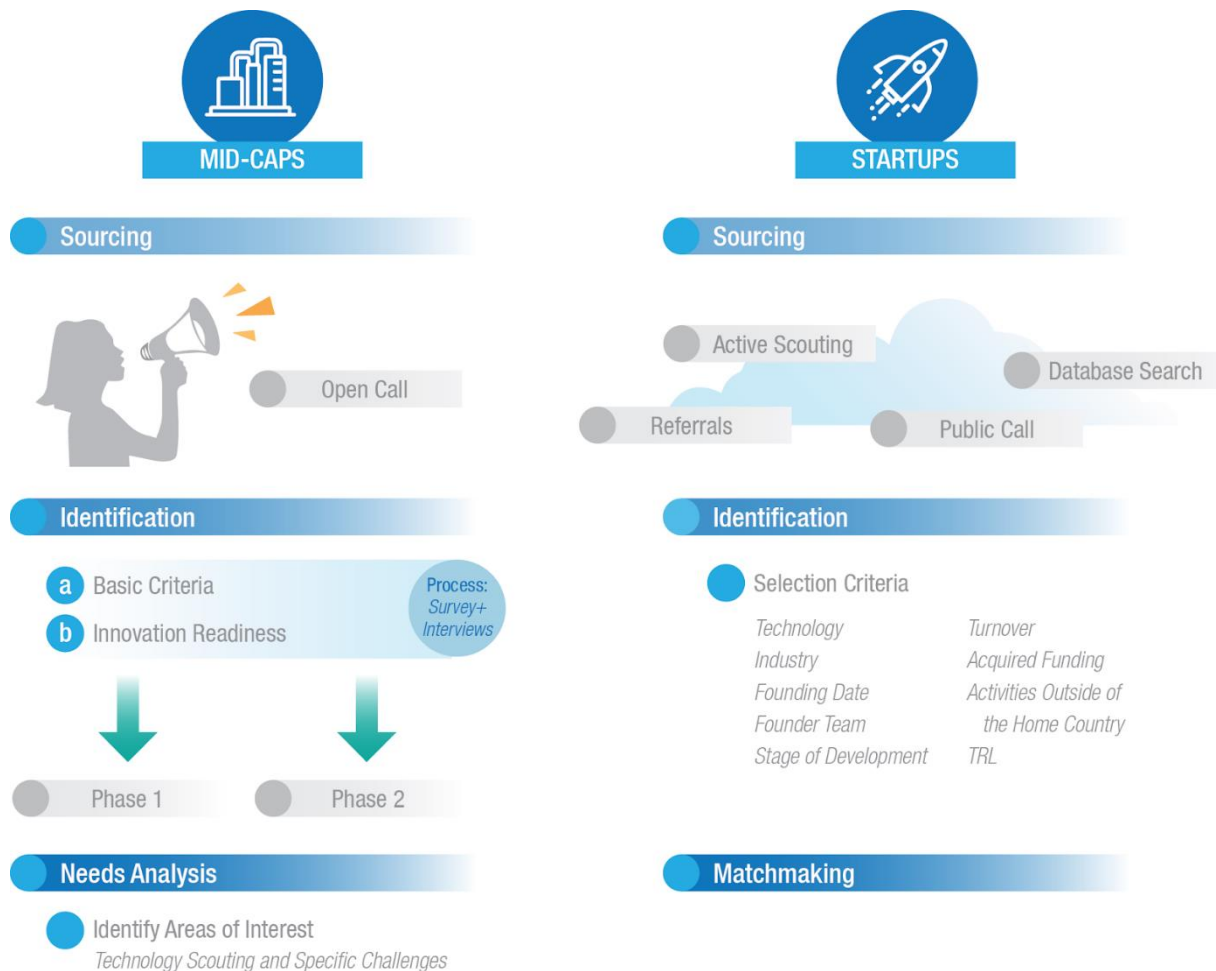


A process to support **midcaps and startups initiating business and strategic collaborations** was put in place. The process aimed at **testing a matchmaking methodology** able to be scaled at broader level (involving a wide range of industries, geographies and companies of different size). Adopting a lean approach, the process factors an in-depth continuous assessment of the results produced (both during and after the life of the project). The matchmaking process, beyond the physical Matching Events, includes extensive ongoing activities of scouting, assessment/preparation, follow-up and analysis.

Midcaps and startups are **scouted, assessed, and engaged** at pan-European level by the Consortium in order to organize matchmaking activities that can lead to **productive midcaps and startup collaboration**. The matching is run as a **1:1 meeting** between startups and midcaps' senior representatives during the Matching Events. Prior to the Matching Event, the Consortium prepares both midcaps and selected startups in order to assure the effectiveness of the meetings as well as align expectations. After the Matching Event, the Consortium follows up the initiated discussions with both midcaps and startups with the goal to monitor progress of the relationship and support the discussion, if and as required.

The following section outlines the methodologies used by the Consortium to deliver the requested tasks.

2.2.1. Scouting Methodology



2.2.1.1. Midcaps Scouting

The Consortium put in place a scouting process to engage and analyse the needs of potential participating midcaps.

The Consortium has worked to **identify** and **engage** midcaps with the following characteristics:

- Revenue : €100/150M+
- Concrete plans to adopt Industry 4.0 technologies and other innovative solutions (cyber-physical systems, robotics, IOT, and cloud computing, etc)
- Open Minded Approach
- Commitment to participate in Matching events with a C-level executive

The Consortium's innovation advisors have run needs analysis with the mid-cap engaged for the programs in order to identify which are the key innovation needs.

Also, based on the midcaps needs analysis, MTB is running the scouting activities to identify and engage tech startups that could provide innovative products and/or services.

Mind the Bridge has run direct scouting activities to identify midcaps and startups across Europe. The team uses its connections with organizations such as Chambers of Commerce, Innovation Consulting companies, Accelerators, and Stock Exchanges.

Also, the team is using **databases of companies** (such as Crunchbase) to identify startups and midcaps and reach out directly (cold contacts) to present the initiative.

Through [a form](https://goo.gl/forms/zb59hxNhH81epWpf1) (<https://goo.gl/forms/zb59hxNhH81epWpf1>), midcaps interested in joining the programmes could apply directly.

1. **SOURCING**: the Consortium created an **Open Call** to source midcaps through a form: (<https://goo.gl/forms/zb59hxNhH81epWpf1>). **The Open Call was then disseminated through** the Consortium's networks and partners (such as Chambers of Commerce, Innovation Consulting companies, Accelerators, and Stock Exchanges). Also, the team is using databases of companies (such as Crunchbase) to identify midcaps and reach out directly (cold contacts) to present the initiative.
2. **IDENTIFICATION⁷**: during the Open Call, the Consortium collected basic information through the form to **identify** and **engage** midcaps with the following characteristics:
 - Revenue : €100/150M+
 - Concrete plans to adopt Industry 4.0 technologies and other innovative solutions (cyber-physical systems, robotics, IOT, and cloud computing, etc)
 - Open Minded Approach
 - Commitment to participate in Matching events with a C-level executive
3. **NEED ANALYSIS**: once the midcaps have been selected, the Consortium performs an initial assessment of their needs in order to understand the **innovation priorities**. This is used to identify, per each midcap, the information needed to perform the startup scouting activity. All the midcaps will be supported to identify pre-determined **Areas of Interest** where they express their **focus in Technology Scouting** (e.g., big data management, mobile app development, internet of things, etc.), as well as **specific challenges** startups could help to solve (e.g., internal business/product/process issues). This needs analysis is performed through an interview between a Consortium expert and a midcap senior representative.

2.2.1.2.Startup Scouting

The process to **source** startups is described below.

- A database search based on ESN and MTB sources;

⁷ When the consortium faced difficulties in engaging midcaps, the restriction on the number of employees was removed – so as to encourage companies from smaller economies to join (e.g.: Slovenia, Italy)

- Referrals coming from the ESN' 24 national members and partners and SEP Investors Forum (100+ investors, led by Mind the Bridge), to guarantee wide geographical spread as well as pre-validation;
- An active scouting process to ensure that new relevant startups from different ecosystems and specific industries are identified and invited to apply. Active scouting is necessary to reach not only technological startups but also small new businesses/research spin-offs that are active in verticals of interest for more traditional industries. The scouting process requires that the Consortium runs a specific analysis for each identified vertical/industry re: main industry-related investors and VC portfolios, list of awarded European startups and research spin-offs, media coverage of main events and relative participants, industry focused main EU events attendees and exhibitor, news from industry expert and reports.
- A public call for startups spread across MTB, ESN, and partner networks. [This application form \(https://goo.gl/forms/nyXmkHWfcMxZtlQm2\)](https://goo.gl/forms/nyXmkHWfcMxZtlQm2) assures that startups can apply directly and that the process is open and transparent.

Note: the ecosystem intelligence platform used by European Startup Network (www.datascouts.eu) is designed to consult and combine multiple sources of information, including information provided by users, public sources, online sources and machine learning - all of which are prioritised and meshed in a scientifically valid way. Furthermore, the Consortium will use other sources and public platforms, such as Crunchbase, Angellist, F6S, etc.

The **selection** of startups is based on the match with the midcaps needs and a number of criteria listed below:

- **Technology:** detailed analysis of techniques and processes used to develop the product(s) or services(s) offered, patent applications or pending requests, use cases or scientific R&D in place.
- **Industry:** based on a standardised industry typology (including sub industries and domains), startups will be profiled into one or several industries.
- **Founding date:** incorporation date of the startup.
- **Founder team:** names of the co-founders of the team, with LinkedIn or other personal profile to allow background checks.
- **Stage of development:** based on the metrics provided, startups will be categorised into early stage, growth stage or late stage.
- **Turnover:** to be provided based on public sources and/or startups providing more recent information.
- **Acquired funding:** for startups that have acquired external funding, for each funding round the date, amount and investors will be mentioned - to the extent the information was made publicly available and/or is provided by the startup.
- **Activities outside of the home country:** foreign branches and turnover are mapped - to the extent the information is publicly available and/or is provided by the startups.
- **TRL - Technology readiness level:** the number, on a scale from 1 to 9, enables consistent and uniform evaluations on the maturity of the startups across different types of industries.

2.2.2. Communication Material

This section presents the material used by the Consortium to present the Matchmaking opportunity to midcaps and disseminate the initiative.

2.2.2.1. Brochures

Mind the Bridge has produced different brochures to present the project and engage midcaps. The different brochures are disseminated through different channels and have different goals.

The first document, "Call for Application_ midcaps-startups matching" is disseminated through the SME Envoys Network and has the goal of highlight the benefits of the initiative and call for applications.

OPEN INNOVATION IN EUROPE: TIME TO INVOLVE SMEs



Today Open innovation is a must have for all companies, regardless of their size, regardless of their industry, regardless of the age of the company.

But today in Europe we see that only large corporates are currently active in open innovation, while the small and mid size companies who form the backbone of European industry are still out of the open innovation game.

In response to this Mind the Bridge is launching, with the support of DG GROW (EASME/COSME 2017/017), a pilot for matching mid-size companies with startups. Our goal is to expose traditional mid sized companies to Open Innovation and for them to effectively engage with startups in order to drive innovation in traditional industries.

The main objectives of the pilot will be to engage a selected group of mid-size corporates and provide them with dedicated assessment and scouting, and then facilitate 1:1 meetings with innovative startups.

Outcomes for attending mid-caps are:

- Receive professional assessment and training on Open Innovation
- Exposure to new technologies and business models

- Meeting with relevant startups based on your specific needs

Criteria for being admitted to the pilot are:

- Revenue : €100/150M+
- Concrete plans to adopt Industry 4.0 technologies and other innovative solutions (cyber-physical systems, robotics, IOT, and cloud computing, etc)
- Open Minded Approach
- Commitment to participate in Matching events with a C-level executive

If you are interested to be considered, please fill up [this application form](https://goo.gl/forms/8PWicQrkDlzOK4WD3) (<https://goo.gl/forms/8PWicQrkDlzOK4WD3>).

For more information, contact Eleonora and Maroane at Mind the Bridge at: midcaps-matching@mindthebridge.com

About Mind the Bridge

Mind the Bridge is a global organization that provides innovation advisory services for corporates and startups. With HQs in San Francisco (CA) and offices in London, Italy and Spain we have been working as an international bridge at the intersection between Startups and Corporations since 2007.

About ESN

In order to allow European startups to scale globally, one single European startup ecosystem is needed. By uniting all national startup associations, leveraging their best practices and interconnecting their networks, ESN wishes to open up access to the talent, expertise, funding and customers for all European startups.

Brochures presenting specific Matchmaking events are shared with potential participants. Below a few key slides from the SEP Scaleup Summit Budapest.



Final Report : DEVELOPMENT OF A BLUEPRINT APPROACH FOR A SUCCESSFUL CROSS-BORDER MATCHMAKING OF START-UPS WITH MIDCAPS

Open Innovation How

In order to provide mid-caps with an immersive and innovative experience, the mid-caps ↔ startups matchmaking will be hosted during the Startup Europe Partnership Scaleup Summits. Highly curated matching activities. Scaleup Summits are hosted by the most prestigious European Stock Exchanges where international scaleups, corporates and investors operating in specific verticals can do business and spot technology trends.

By the Numbers:

4 Cities, 4 Exclusive Locations, 4 Stock Exchanges.
300 highly curated International Tech Scaleups.
200 Corporates, 200 Investors



Midcaps: Expected Outcomes



Get Exposed to Disruptive Technologies and Industry Trends while doing Business
(POC, Procurement, Licensing, ...)



Initiate Strategic Opportunities
(Strategic Partnerships, Investments, M&A)



Share Best Practices and Benchmarking with the EU Innovation Leaders
(Bootcamps, Meetings, Networking)



Get direct exposure to macroeconomic trends by experts and insights on EU markets
(Scenarios)

The Format

4 Scaleup Summits per Year
2 days each, restricted to International Tech Disruptors, Corporates and Investors
A Deal-Oriented Format hosted by the main European Stock Exchanges
By invitation only

Lectio Magistralis Keynote	A Lectio- Magistralis by a world renowned expert in macro-economy
Stock Market: State of the Art	Understand where the markets are headed: Current and future trends, presented by the Summit Host
Parallel Sessions	Corporates: Open Innovation Boot Camp Scaleups: Growth Financing Assessment Investors: EU Investors Summit
Market specific Deep-Dives	Deep-Dive into innovation and technology disruption. Learn from some of the top EU corporates and scaleups (the disruptors). Scenarios + Meetings. By market verticals (corporate sponsored).
1:1 Matching Corporate-Scaleup Investor-Scaleup	Pre-scheduled, curated 1:1 meetings with the most relevant scaleups in your areas of interest (~70 filtered companies from 1,000+)

About the Project

DG GROW (EASME/COSME 2017/017) launched a pilot and blueprint approach to matchmaking for mid-size companies to be exposed to Open Innovation and effectively engage with startups. The final goal is to foster innovation by stimulating and implementing startup-corporate collaboration. The platform will be run by Mind the Bridge with the support of ESN (European Startup Network).

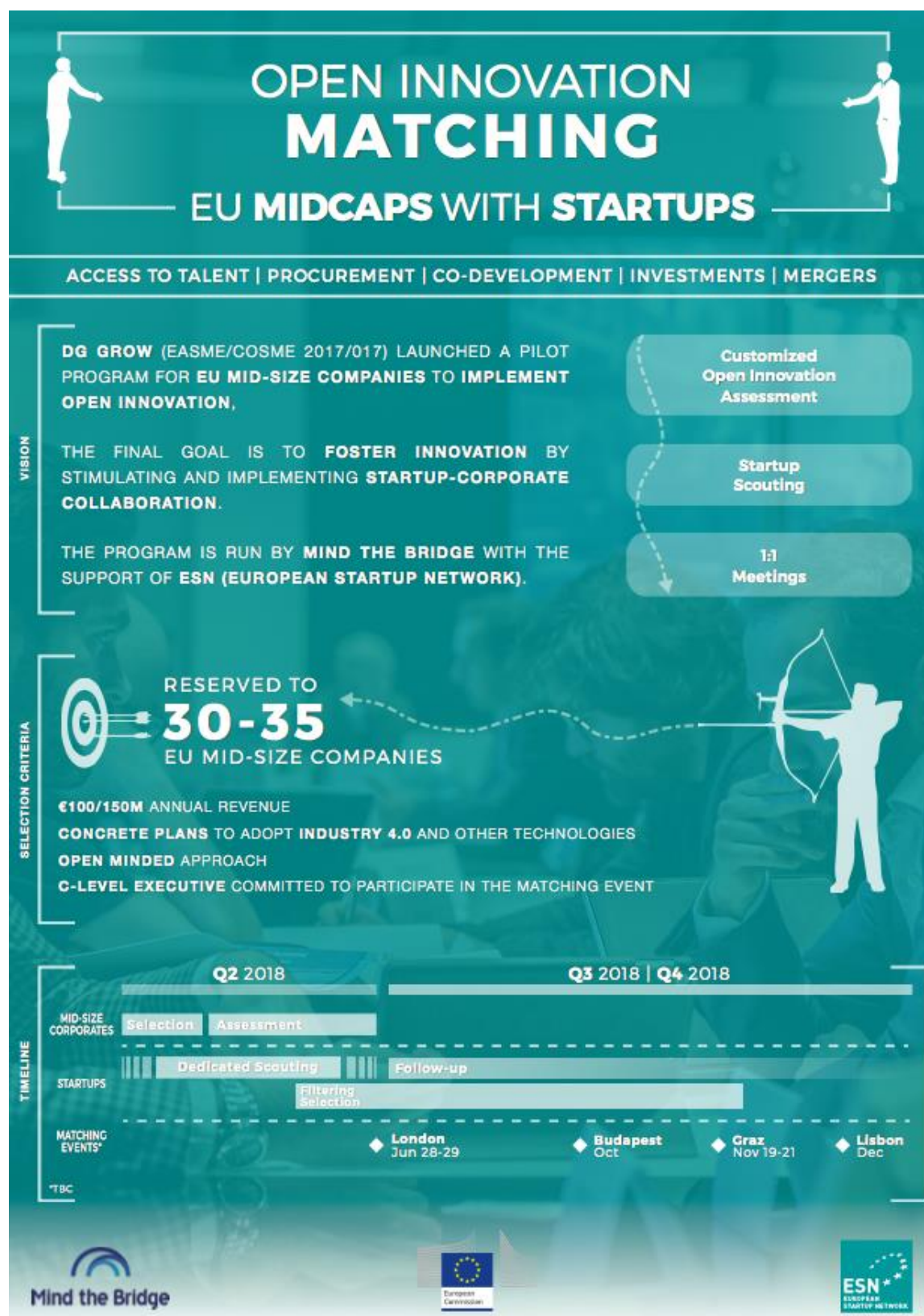
To test the format and raise awareness, a Pilot will be carried out. The goal of the pilot phase is to engage a selected group of mid-size corporates and provide them with dedicated assessment, scouting, and facilitate 1:1 meetings with innovative startups.

Specifically, selected mid-size companies will receive a dedicated assessment by Mind the Bridge to identify strategic objectives that could be addressed through Open Innovation. Subsequently, they will be invited to attend Matching Events where they will meet selected startups that are relevant to their market and industry. After the Matching events, the discussion between startups and corporates will be followed-up by Mind the Bridge and supported until any potential deal closure.

under the Patronage of:



Mind the Bridge has also created an infographic that is used to disseminate the call through socials.



2.2.2.2. Blog post and on-line dissemination

Blog posts presenting the initiative have been published on different websites to disseminate to a wide and international audience:

- Open Innovation in Europe: time to involve SMEs | DG GROW Program: <https://mindthebridge.com/dggrow-startups-midcaps/>
- Open Innovation in Europe: time to involve SMEs | DG GROW Program: <https://www.cetic.be/Open-Innovation-in-Europe-time-to-involve-SMEs-DG-GROW-Program>
- Open Innovation in Europe: time to involve SMEs | DG GROW Program: <https://startupeuropepartnership.eu/dggrow-startup-midcaps/>
- Why Europe should go beyond startups: <https://mindthebridge.com/europe-beyond-startups/>
- DG GROW launches platform for successful cross-border matchmaking of start-ups with midcaps: <http://www.portugalglobal.pt/PT/PortugalNews/Paginas/NewDetail.aspx?newId=%7BAF909A8A-233F-4631-BF03-64E00FBCC14A%7D>
- SMEs Investing in Industry 4.0. The New Way to Scalability through Open Innovation. <https://startupeuropepartnership.eu/midcaps-industry4-0/>

Furthermore, a series of podcasts and focusing on midcaps has been published on Mind the Bridge's platform: <https://mindthebridge.com/tag/midsize-companies/>

2.2.3. Matching Methodology

A successful matchmaking activity is the outcome of an accurate need analysis and an effective scouting, among other factors. Once the midcaps' innovation priorities have been identified, the startups scouted, and both players engaged, the Consortium focuses on providing a productive matchmaking experience to all the stakeholders. The matchmaking is run through same-format events. The matchmaking methodology follows the structure described below:

1. **Profiling of confirmed participants:** a profile for each of the participants is created and made available in advance in order to prepare for the meeting.
2. **Individual Coaching:** the Consortium prepares the participant via a virtual meeting beforehand, clarifying any doubts about the format, expectations towards specific 1:1, etc.
3. **Open Innovation Sessions (during the Matching Event):** the Consortium experts provide a session for startups and midcaps separately on how to best approach these matchmakings, what are the potential benefits/pitfalls, modes of engagement and give space for best practice sharing.
4. **1:1 Matchmaking Meetings:** the matchmaking activity culminates with 1:1 meetings between the midcaps' and the startups' representatives. The meetings last about 30 minutes and are facilitated by a member of the Consortium whenever possible. During the meeting, the discussion will build on the information received before the meeting and discuss potential collaboration opportunities.
5. **Follow-up activities:** finally, the Consortium will facilitate the follow-up activities between midcaps and startups to assure that cooperation deal processes are initiated and successfully carried on. To run effective

follow-ups, members of the Consortium's scouting team will stay copied in the email exchanges between midcaps and startups, as well as send a periodic online follow-up to both stakeholders to support and monitor progresses.

2.2.3.1. Matching Events

The Matching Events, with a duration of 1,5 days and taking place at prestigious locations such as Stock Exchanges across Europe, include Open Innovation Workshops, 1:1 meetings and inspiring sessions, such as:

- Inspiring and celebrating successful case studies (growth, international development, exits, role models of innovative entrepreneurs, etc.).
- Learning: cases of procurement/investment/ acquisition/acqui-hires/integration etc.
- Sharing: best practices of midcaps and startup/midcaps interaction.
- Updating: open innovation trends (where the market is going)

These sessions present to the attendees the most interesting cases of European midcaps working with startups and the best case practices for an effective collaboration.



2.2.4. Objectives and KPIs

The Consortium had a set of quantifiable KPIs to achieve by the end of the project. The following table presents what were the targets and what was achieved:

Achieved	Objective
4 Matching events organised	2 Matching Events + 1 Pilot
Average of 7 midcaps engaged per event	12 midcaps per matching event
Average of 24 startups engaged per event	30 startups per matching event
25 midcaps engaged during matchmaking	30-35 midcaps engaged
97 startups engaged during matchmaking	90-105 startups engaged
Average of 7 meetings per mid-cap	# of 1:1 meetings with relevant startups per mid-cap: ~ 3
+10 industrial sectors represented per midcaps	# of sectors represented: > 5
9 EU member states represented by midcaps & 18 EU member states by startups	At least 1 company per EU member state
27 % of startups were Hardware startups including robotics, and AR/VR.	15-20% of startups coming from a sector other than the ICT/digital/web one

Initial impact expectations

Our preliminary research pointed to a large opportunity here: innovation-starved midcaps to collaborate with revenue-hungry startups.

- Startups: increased revenue, number of (international) clients and innovation validation.
- Midcaps: gain competences & product offering using new technologies, solidifying existing market position.

What was particularly interesting to us was to understand the difference between large corporations and the “midcaps”.

When discussed with Christopher Haley (Head of New Technology & Startup Research @ Nesta) on the main obstacles to startup-corporate collaboration when applied to the midcaps subset, his view was *“I would expect a similar set of barriers, but differently weighted: those that required resource (e.g. search costs) would likely be a bit higher, whilst those that relate to size & culture (e.g. siloed teams; lack of communication) would likely be a bit lower.”* – In other words, midcaps should value matchmaking activities as they usually don’t have the capacity to engage in such resource-intensive non-core work. Simultaneously, securing goodwill within all the relevant layers of a midcap should be faster than with a large corporate.

What did we find?

Our experience showed us that most of our expectations were true: Midcaps were in fact faster in reacting to good opportunities – leading startups quickly through the funnel: 1st meeting, follow-up, negotiating deal and starting the innovation project.

The more-than-positive collaboration rates point out that our initial assumptions were true: there is a demand for such value-added activities.

However, engaging midcaps was harder than with larger corporates. Most were not familiar with the idea of collaborating with startups and so we have had a much lower reply-rate to most of our reach-outs. This led to developing different strategies, but still limited our capacity to deliver on the initial objectives.

In short:

- Startups: at least 8 paid innovation projects being deployed with midcaps – revenue and clients will follow;
- Midcaps: projects being developed have added new competencies, technologies and new markets to participating midcaps.

In the next sections, we’ll go deeper into these results and set our vision of the way forward, both for startups, midcaps and policy makers.

Cross-border Matchmaking, Expectations and Findings

The Consortium had the following expectations towards cross-border matchmaking:

- From one side they would be harder to translate into a deal due to higher barriers in languages, physical distance, legal frameworks, etc.
- From the other side, companies recognize the need to look for innovation beyond their comfort zone, so they will make an effort.

International business places different cultures and practices face-to-face – but the cultural difference between startups and midcaps is arguably as significant as national differences. None of the participants ever expressed any specific feedback regarding cultural or language barriers – however, many of the recommendations address how to bridge the corporate-startup divide.

The Consortium finds that, if the working language is English, then participants self-select themselves for their level of spoken English and capacity to work with foreign partners.

This would explain the lack of findings regarding internationalization issues.

From our interview with Poggipolini:

"No, I think if we have the right topic to say, there's no problem in discussing with international companies.

Sometimes it can be hard to find the right startups in your region, so you might want to see expertise in Europe and beyond. I want to see a global selection of startups as this is more likely I can find more advanced solutions - but this is not so easy - that's why I liked the Mind the Bridge event and we need to link more and more with the international startups community."

In the end, we gathered midcaps from 9 countries and startups from 18 member states. From the 8 deals registered, over 50% of them were cross border. While this is only a subset of EU companies, it shows that cross border matchmaking does lead into cross border deals - and none of the participants ever reported in the interviews about any difficulties in establishing such relationships.

4. ANALYTICAL REPORT

During the duration of this project, the Consortium has collected data about the startup-midcap collaboration and matchmaking process in multiple ways:

- 1:1 meetings: over 150 meetings recorded between startups and midcaps
- Interviews: post-meeting follow-ups, podcasts, etc
- [Open Innovation Readiness](#) survey: at the time of writing, 60% of our midcaps participated
- Open Innovation workshops with midcaps, startups and policy makers during the Scaleup Summits

This section presents the analytical data relative to engaging the midcaps (attracting them to the matchmaking activities), the 1:1 meetings themselves and then the qualitative data obtained.

4.1. Engagement overview

	Identified	Emails	Calls	Results
Midcaps evaluated	369			
Midcaps shortlisted	290			
Initial contact		127		
Calls done			27	
Not Interested				4
Hesitating				12
Agreed to participate				25

The main challenge in this project has been the engagement of midcaps. The Consortium has evaluated 369 midcaps, shortlisted 290 and contacted more than 100 over email but only 25 have finally joined a matchmaking event. Given our initial target of approximately 30 participating midcaps, this result was below our expectations.

4.1.1. Why are midcaps resistant to engage with startups?

From the replies to the +100 email communications and calls to midcaps, as well as discussing with the third parties supporting us in the dissemination and outreach, we can summarize the following reasons:

- A high number of midcaps are not familiar with startups, much less with the possibility of developing a positive collaboration with them;
- Many midcaps are not used to innovating together with external companies (open innovation);
- Midcaps rarely have a set organisational structure or internal know-how to handle collaborative engagements;

- Midcaps tend to be harder to reach digitally than larger companies or startups - and so are harder to reach through online networks, instead it's necessary to reach them through local organisations or events;
- Smaller firms have statistically higher risk aversion than larger companies⁸ - and engaging with startups is an activity with uncertain outcomes.

In short, engaging midcaps involves reaching out to a large and fragmented set of companies that are risk averse, unfamiliar with the value of open innovation and hard to reach online. In order to scale this initiative, it will be necessary to promote more education and awareness raising in this specific topic, alongside promoting more digital skills and a culture of openness.

Recent studies corroborate these findings: according to Open Innovation Outlook Italy 2020⁹, small & medium enterprises are behind their innovation journey in comparison to large corporates: scoring in a benchmark study, on average, about 50% less than their corporate counterparts.



4.1.2. Engagement learnings

The main learnings the Consortium took from the engagement efforts were the following:

- Midcaps strongly favor being approached by organizations they trust - the Consortium has a strong brand with large corporates and startups, but not necessarily midcaps;
- Disseminating the call through networks such as the SME Envoys Network was not sufficient to actively engage the midcaps;
- Working together with local and smaller business support organizations, including chambers of commerce, clusters and other sector representatives, proved more effective.

⁸ https://www.researchgate.net/publication/327137247_Do_decision-makers_in_SMEs_have_higher_risk_aversion_than_in_large_enterprises

⁹ <https://mindthebridge.com/open-innovation-outlook-italy-2020/>

To achieve results within the timeframe of this project, the Consortium shifted its strategy to engaging midcaps in on-site events (such as SMAU - the largest business matching in Italy) and producing articles and podcasts to build a brand geared towards midcaps (<https://mindthebridge.com/tag/midsize-companies/>).

E.g.: Mind the Bridge's most relevant engagement success was with Confindustria Emilia-Romagna - delivering an open innovation readiness workshop and then inviting the +10 participating midcaps into the Scaleup Summit in Milan.

Business support organizations, as they work closer with midcaps, are better positioned to know who are the companies that are ready and could be interested to exploit the opportunities offered by the project. Additionally, while 1:1 evangelization of midcaps towards open innovation activities is important work, to achieve results at scale it will be necessary to engage actors capable of engaging entire sectors.

Further recommendations from the project's experience will be developed in the final chapters of this report.

4.1.3. List of participating midcaps

Midsize company name	Industry	Country HQ
GEICO	Automotive Paintshop	Italy
KOLEKTOR	Automotive	Slovenia
Poggipollini	Automotive/Aerospace	Italy
CORNAGLIA	Automotive	Italy
MANZ	Automotive	Germany
VENTANA	Aerospace	France
RENSON	Construction	Belgium
BESIX	Construction	Belgium
Garc Spa	Construction	Italy
PELLICONI & C. S.p.A.	Packaging and Containers	Italy
Port of Antwerp	Shipping	Belgium
GLASTON	Glass	Finland
SWERIM/METNET	Mining, Metallurgy and Materials	Sweden
Site SPA	IT, Telco, Energy, Facility Management, Transport	Italy
TRANSACTION NETWORK SERVICES S.R.L.	Telco	Italy
Aretè & Cocchi Technology	Mechanical / Industrial Engineering	Italy
DUNA CORRADINI SPA	Manufacturing, Materials	Italy
Datalogic	Electrical/Electronic Manufacturing	Italy
SITMA MACHINERY Spa	Mechanical or Industrial Engineering	Italy

D.V.P. Vacuum Technology s.p.a.	Manufacturer (Vacuum)	Italy
Danieli TelerobotLabs	Mechanical or Industrial Engineering	Italy
SIMIC SPA	Oil & Energy	Italy
MULAN	Food	Italy
Crif SPA	Finance	Italy
KNOWCENTER	Big data	Austria

What did the midcaps seek?

Through our 1:1 innovation needs assessment, we could identify that the typical needs of these companies would fall into one or all of these categories:

- Expand into new markets through partnerships
- Expand their product/service range by including complementary technologies / business models through:
 - Co-development
 - Acquisition / Investment
- Add specific expertise not existing in their staff (e.g.: data science, artificial intelligence, mixed reality, computer vision)

Were the midcaps ready to collaborate with startups?

While a small number of midcaps already ran hackathons, owned an accelerator or a corporate venture fund most had limited experience in collaborating with startups.

Many had as their main objective to run 1-2 pilot projects and adapt from there.

4.1.4. List of participating startups

The following list of startups that interacted with the selected midcaps reflects on the specific needs of the companies.

<i>Name</i>	<i>Solution</i>	<i>Website</i>	<i>Country</i>
Alleantia S.r.l.	Plug & Play IoT	https://www.alleantia.com/	Italy
Ambrosus	Blockchain IoT	https://ambrosus.com/	Switzerland
Anything-Connected	Plug & Play IoT	https://www.anything-connected.com/	NL
Hiber	Next generation IoT	https://hiber.global/	NL

Fluves	Sensor solution for Water Sector	http://fluves.com/	Belgium
Share Kiwi	IoT without internet	http://sharekiwi.com/	Hungary
Conundrum	AI for predictive maintenance & quality control	https://conundrum.ai/	UK
Bizmotica / Bezonía	Building automation	https://www.bezonia.com/	Belgium
Gemit	Water operation efficiency	http://gemit.se/eng/	Sweden
Black Bear Software	Work Environment Monitor	http://www.blackbear.ie/	Ireland
Laserpas	Aerial power line inspection	laserpas.com	Lithuania
MESBook	Real-Time Factory Management System	www.mesbook.com	Spain
Cybus	Industry 4.0	http://www.cybus.io/	Germany
Trik	Unified platform for service and personal robotics	https://www.trik.de/	UK
Robovision	Deep learning-based machine vision and robot programming	https://robovision.be/	Belgium
Intbas	Quality Control Robot	http://intbas.com/	Slovenia
Rubedo Sistemas	Mission-critical mobile robotic solutions	https://www.rubedos.com/	Lithuania
Quimeraee	Energy Efficiency	http://www.quimeraee.com/	UK
ReMoni	Energy Tracking Clamp-on Sensors	https://www.remoni.com/	Denmark
BplusB	Energy 4.0	https://www.bplusb.eu/	Belgium
Eliq	Intelligent Energy Monitoring	https://eliq.io/	Sweden
AZOLIS	Energy Audit	azolis.com	France
Enerbee	Motion Energy Harvesting	http://www.enerbee.fr/	France
EnergiMine	AI/Blockchain for Energy	energimine.com/	UK
Etreel	Electric vehicle charging stations	https://etrel.com/	Slovenia
Chainvine	DLT platform developer	http://chainvine.com/	UK

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cloudyBoss Pty Ltd	DLT ERP	https://cloudyboss.com/	Portugal
Ecomate	Value Chain Sustainability	https://ecomate.eu/en/corporate-clients.html	Italy
Wastly Srl	Circular Economy Platform	https://www.wastly.com/	Italy
Klappir	Digital Environmental Management Tools	https://klappir.com/	Iceland
Digital Fingerprints	Authentication with behavioural biometrics	https://fingerprints.digital/	Poland
Penguinpass	Access Management System	https://www.penguinpass.it/index_ENG.html	Italy
Engineering Software Steyr	Fluid simulation for automotive industry	https://www.essteyr.com/	Austria
EnergyWay	Data Science	https://www.energyway.it/	Italy
Yields.io	Automated Model Monitoring	http://www.yields.io	Belgium
Analogy	AI knowledge tool / Virtual Consultant	https://www.analogy.co	Hungary
Gestoos	Computer vision Artificial Intelligence	http://www.gestoos.com/	Spain
Headlight AI	Next generation AI	http://www.headlight.ai/	UK
NITE s.r.l.	Building reading machines with AI	http://www.nitesrl.com/	Italy
Good AI	General artificial intelligence	https://www.goodai.com/history	Czech
Nexus Frontier Tech	AI Capacity Building	http://www.nexusfrontier.tech/	UK
KMLVision	Image Analysis tools for Life Science	https://www.kmlvision.com/	Austria
Solvemate	SaaS platform for customer service automation	https://www.solvemate.com/de/	Germany
Ar4.io	Industry AR	Ar4.io	Austria
VRmedia Srl	VR & AR	https://kiber.tech/	Italy
Viscopic	Mixed Reality Solutions	viscopic.com	Germany
XYZ Reality	AR	https://www.xyzreality.com/	UK
YOUBIQUO	Smart Glasses	https://www.youbiquo.eu/	Italy

Cooperlink	Automating information exchange	http://www.cooperlink.io/	UK
Cloudalize	Full stack virtual infrastructure	https://www.cloudalize.com/	Belgium
Ogun	Digital Construction	https://ogun.io/en/	Spain
SiteFlow	Digital Construction	https://siteflow.fr/#/	France
Sablono	Digital Construction	https://www.sablono.com/	Belgium
Gemsotec	Construction Project Management	https://www.gemsotec.com/	Belgium
Zensor	Civil Infrastructure Monitoring	https://www.zensor.be/	Belgium
ENERI by AIREN s.r.l.	Inflatable infrastructure solutions	https://www.eneriair.com/	Italy
Mindesk	Native CAD VR interface	https://mindeskvr.com/	Italy
Valcun	Metal 3d printing	https://www.valcun.be/	Belgium
Additive Industries	Metal Additive Manufacturing	https://additiveindustries.com	NL
Dimension4	3d printing	http://www.dimension4.xyz/	Belgium
Foodini	3d Food Printer	https://www.naturalmachines.com/	Spain
Meccatronicore	Prototyping & 3d printing	http://www.meccatronicore.com/?lang=en	Italy
Tablet Solutions	Cloud solution for technicians in the field	https://workheld.com/en/about/	Austria
Cognism	Prospecting and lead generation software	https://cognism.com/	UK
Blanco Services	Wealth / asset managers Services	https://www.useblanco.com/	NL
Pro Glove	Smart Glove	https://www.proglove.com/	Germany
Schrott24	Scrap Metal Tech	https://www.schrott24.de/	Austria
Sensonic Design	Tech Panels	https://sensonicdesign.webflow.io/	Hungary
Aectual	design & tailor made architecture	https://aectual.com	NL
PROJECTS Co-living	Co-living	https://www.weareprojects.com/	Germany

Hexagro Urban Farming	Urban Farming	https://www.hexagrourbanfarming.com/	Italy
Mathesia	Crowdsourcing platform for data science & mathematics	https://www.mathesia.com/home/	Italy

4.2. Matchmaking overview

The matchmaking activities took place at the following events:

- SEP Scaleup Summit, Budapest, 4-5 October
- SME Assembly, Graz, 19th November
- Brussels Industry Days, 5th Feb 2019
- SEP Scaleup Summit, Milan, 11-12 March

In the following links it is possible to receive a summary from the matching events:

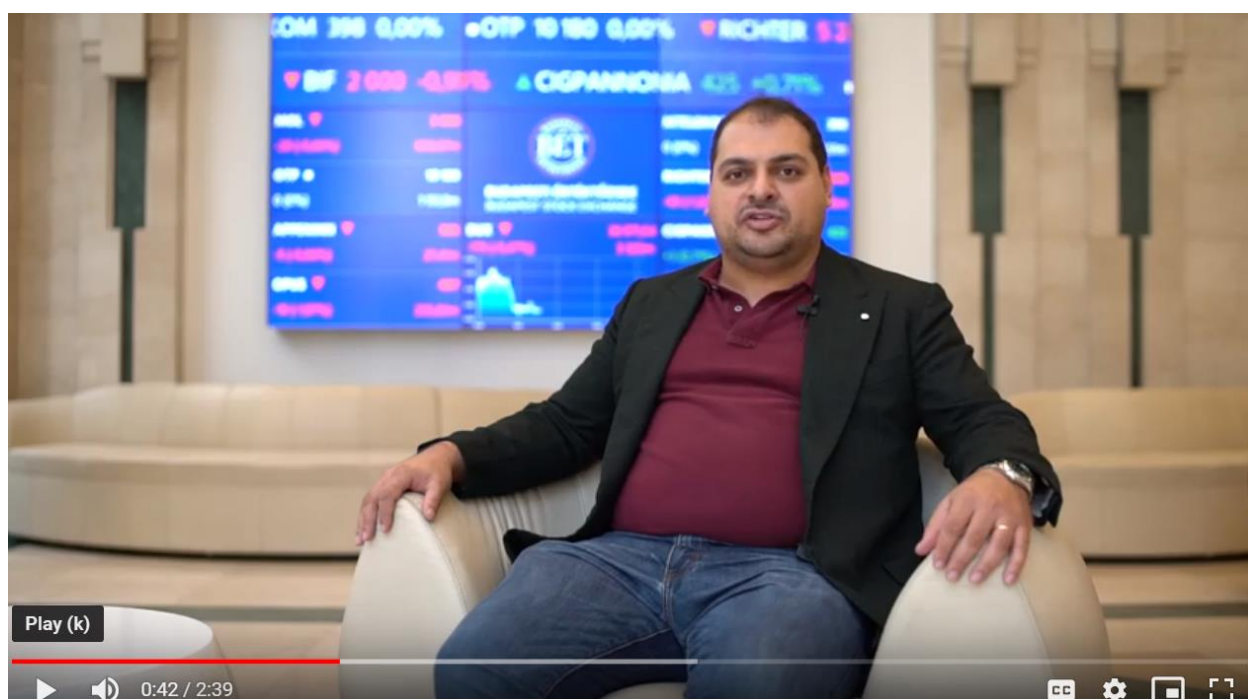
Brussels Industry days:

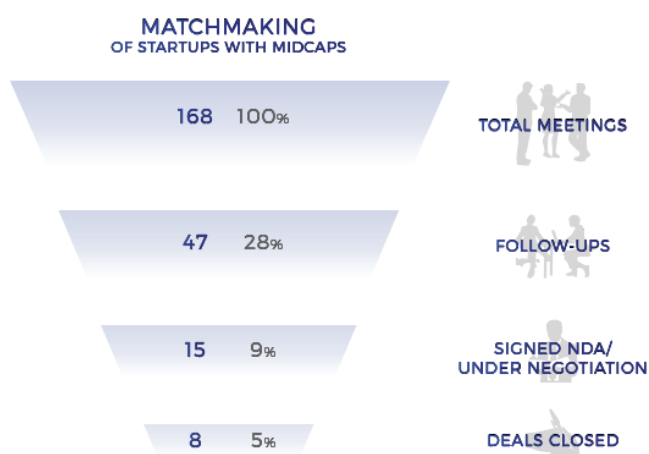
<https://www.youtube.com/watch?v=VbztJi8JWbA>

The video from Scaleup Summit Milan 2019:

<https://www.youtube.com/watch?v=BjqQdJqf7zY>

(Cf min 1:20 for Geico and 1:48 for Glaston)





The figure above shows that, from 168 meetings between midcaps and startups, 28% of those were followed by a second meeting and 5% of the total turned into deals closed.

It's worth noting that typically most startup-corporate deals only develop within 6 to 18 months of the matchmaking activity. It certainly is the case in most of the interactions the Consortium facilitates.

The preliminary results (25%+ of matchings led to follow-up meetings and 25%+ of those follow-ups turned into deals under negotiation) confirm our confidence in the value of the methodology.

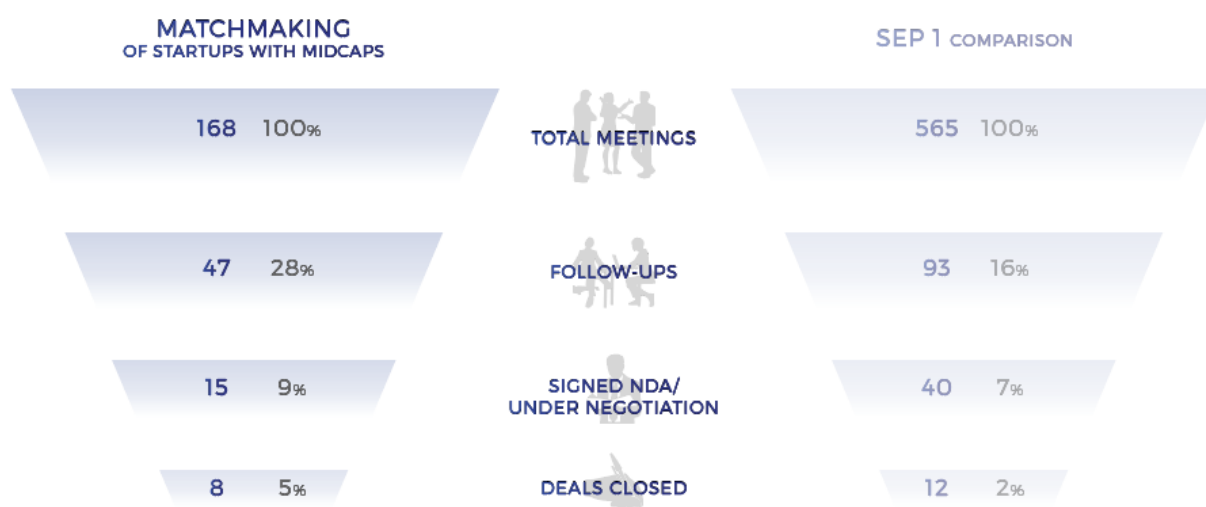
Benchmark: Startup Europe Partnership¹⁰

Mind the Bridge had previously run a matchmaking effort dedicated at combining (larger) corporates with startups. The data below refers to the matchmaking efforts done in 2015-2016 and so provides an interesting benchmark to the current project in analysis. One factor must be noted: in 2015, the level of open innovation readiness was considerably lower and the deals achieved were larger than any of the deals in the present midcaps project.

It's relevant to see that the midcaps project has a much higher ratio of deals made (2,12% vs 4,76%). This shows us a non-insignificant higher success ratio (midcaps vs large corporate matchmaking) which is worth exploring.

This suggests stronger support for the hypothesis that midcaps are faster to react on collaboration opportunities than corporates, even if their initial engagement process is slower. This had already been suggested by startups that we interviewed and the confirmation is a strong signal that we're in the right direction.

¹⁰ <https://startupeuropepartnership.eu/>



Ultimately, the matchmaking results are strong, which reinforces the need to focus on becoming more effective at evangelizing and attracting midcaps to the activities.

4.2.1. Results & Examples

How did midcaps seek to collaborate with startups?

Startups were considered mainly as:

- Procurement partners: potential suppliers / clients (combining their product/service offer)
- Innovation pipeline: potential applicants to their accelerator, event or other pipelines
- Source of talent and knowledge: relevant to understand market trends, possibilities and identify missing competences

Procurement partnership examples

Poggipollini specialises in high-precision mechanical design and machining for the Automotive, Aerospace and Motorsports sectors. As such, they are particularly attentive to new trends and solutions in design and manufacturing.

Additive Industries is on the cutting edge of metal industrial additive manufacturing by offering a modular, end-to-end laser powder bed fusion system, MetalFAB1 system, and seamlessly integrated information platform, Additive World Platform.

After meeting in Milan, they have pursued discussions on-site in the Netherlands, where Additive Industries is based – and are currently defining the terms of a potential Proof of Concept project – a way to test a potential long term commercial agreement.

GEICO is an Italian Automotive Paintshop producer that is developing a roadmap towards the “Smart Paintshop” vision. This involves developing competences in Industrial IoT, Augmented/Virtual/Mixed Reality, Simulation, Data Science, Smart Energy, etc.

They have started innovation projects with **ESS** from Austria on Paintshop Simulation and **EnergyWay** in supporting automated quality analysis through complex mathematical processes.

Innovation pipeline examples

Port of Antwerp organises Port XL – the World’s 1st Port & Maritime Accelerator. As a port themselves, they’re uniquely positioned to identify relevant technologies and businesses for their peers. Ports are midcaps themselves, so this is a unique opportunity to engage with a very specific sector.

AirEn, a startup specialising in inflatable structures, was invited to participate, received a high amount of visibility and ended up working on a project with the **Port of Taranto**. This port is looking to take advantage of a recently recognised Special Economic Zone status, but construction efforts need to be approved, takes time and while time passes, opportunities are missed.

AirEn is able to install quality temporary structures that will allow the Port of Taranto to accelerate the development of their Special Economic Zone. They are currently in talks to develop this opportunity.

BESIX has a strong position in the construction, property development and concessions markets. They approached the matchmaking not only to find relevant solutions in the area of circular economy, digital construction & automation (particularly IoT & Smart Buildings) but also to change their own way of working.

An open innovation ecosystem must take seriously the tenet of “paying it forward” – in other words, acting positively for others when it is in your power to do so – knowing that a healthy ecosystem will somehow reward you in the long term.

As such, BESIX’s representative recognised the value of **Sablono’s** Construction Process Management Platform – although it is not a product fitting the service offer of BESIX. However, BESIX naturally has a wide range of partners that could potentially benefit from such a solution. Fast forward a few months and warm introductions and Sablono signed a commercial agreement with one of BESIX’s partners.

Sources of talent & knowledge examples

Continuing with **GEICO’s** vision of the “Smart Paintshop”, they have found an original partnership potential with **Mathesia**, a crowdsourcing platform for data science & mathematics, on how to link them with the right talent for this digital transformation process.

Additionally, surprised with the technological complexity of **Rubedos’** solution in Automated Guided Vehicles that could be applied in their robotics & conveyor projects, GEICO proposed applying together to a Horizon 2020 research grant that could benefit both of their innovation processes.

4.3. Good Practice Cases & Insights

The Consortium gathered a large amount of data by interviewing midcaps and startups. These were then published in the format of Good Practice Cases. These are as follows:

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Name	Type	Testimonial	Vertical
Glaston	Midcap	Traditional industries realise they need to change. That they need a space to bring new ideas and see if they work.	Making glass outstanding
GEICO	Midcap	The kinds of expertise needed to do innovation nowadays you can't find inside your own company	Automotive Paintshop
Renson	Midcap	There's always more knowledge outside your company than inside - and startups have a way of attracting this knowledge.	Creating Healthy Spaces
Sablono	Startup	It is much more rewarding to work with a company that shares our vision.	Digital Construction Project Management
Klappir	Startup	Bigger companies are always slower to decide, but when they decide, they move quickly.	Smart Environmental Management
EnergyWay	Startup	The main difference between large and small companies? Time to decision	Data Science for Sustainable Solutions
Poggipolini	Midcap	We're here to establish win-win situations, see each other as partners. If we can do that, nobody can stop us.	High-precision mechanical design and machining (Automotive, Aerospace, and Motorsports)
Gemit	Startup	Unpaid pilots are a bad start to any corporate-startup relationship.	Operational Efficiency through Data
Eneriair	Startup	Face to face meetings were more efficient and helped prove the value of our technologies	Inflatable infrastructure solutions
Mathesia	Startup	Mindset shift is the main challenge in working with larger companies, finding that 'Champion of Change'	Crowdsourcing platform for data science & mathematics

All Good Practice Cases can be found on the following link:

<https://mindthebridge.com/tag/midsize-companies/>.

From these interviews and the data gathered with companies before participating in the matchmaking, we were able to gather some **key insights**. In the section below, we presented some of the most relevant:

Large midcaps are the most proactive?

Companies that approach spontaneously Mind the Bridge are mostly large midcaps, with 1000+ employees and 250M+ in revenue.

Internal innovation structure is too centralized at the top?

We observed that, while 100% of midcaps say they have a person dedicated to innovation, quite often that person is a C-level or an executive reporting directly to the CEO or is part of the founder family. While it's positive that innovation is managed by top decision makers, quite often it's a secondary priority for an already overworked C-level. As such, processes don't emerge and activities are done as an afterthought.

Innovation remains an "inside" business

While 100% of the companies have launched a new product or service in the last 5 years, 90% have an R&D team. However, only 60% of them have collaborated with startups. This data highlights how innovation is considered mostly an "inside" business, while open innovation and startup-collaboration have yet limited adoption. This hints to the prevalence of a "not invented here" syndrome.

Digital transformation is stifled by a lack of access to young talent

Typically, mid-sized companies are traditional companies. Some of them are aware they need to be more digitized, but don't know how. Indeed, the digital transformation needs a change of mindset/culture which implies either training the internal workforce and/or hiring employees with specific skills. The first point requires time, whereas the second is even more challenging as talented people, generally young people, tend to be more attracted to innovative startups or large well-known companies. In few words, mid-sized companies are less visible and attractive to talent.

Not a priority for startup

Another challenge midcaps seem to be facing is the willingness of the startups to work with them. The best startups don't prioritize a relationship with these companies to focus on larger clients. The potential business opportunity is considered not big enough.

Where is the data?

Data is the new "oil" in the modern economy: good data can be leveraged to optimize process efficiency, identify undiscovered customer segments and many other business cases. However, midcaps, lagging behind in digital transformation, don't have the data collection and database structures needed.

Several of the identified midcaps recognize they have much to gain from utilizing artificial intelligence, machine learning and big data solutions. However, when sitting in front of a promising startup provider, they are frequently unprepared at the technical and infrastructural level.

From the Consortium's perspective, the situation suggests an adaptation in facilitating these relationships: including CTOs from the mid-cap in the conversation or preparing the startup sales person beforehand to offer a more basic product.

From a long-term perspective, the Consortium would consider to include in future initiatives more training and awareness raising on this particular talent and capacity gap.

No operational capacity for managing startup relationships with uncertain outcomes

Bandwidth has often been one of the challenges mentioned by the midcaps as an obstacle to pursue a relationship with startups. It is more stressed in the case of disruptive innovation or business model innovation where the outcome is not clear. As an example, Glaston's innovation manager does not have enough manpower to keep track of multiple startups in all the different fields where innovative glass solutions could be needed (AR/VR, Industry 4.0, Automotive, etc) and so was forced to focus on Smart City solutions that involve glass – as this is a clearer market to his senior executives.

Tech Scouting requires continuous market monitoring

All companies report that keeping up with tech trends is a resource intensive activity. However, midcaps such as GEICO have mentioned that “outsourcing” most of the tech scouting to initiatives such as ours, which identify technologies, suitable startups and facilitate the meetings, helps midcaps to focus on their core business while remaining open to external innovation.

From the startup side, repeated attendance to matchmaking events has allowed them to update potential clients on their technological progress and stay in touch with existing clients.

R&D Matchmaking

Conversations between midcaps and startups often turn to technological applications that are potentially possible – but more work and research needs to be done.

Renson, discussing with one of our startups, identified that their sensors, with some adjustments, could allow them to automatically detect not only if windows or doors were open, but at what angle. For this to become possible, the startup would need to continue developing their technology and would benefit from the industry demonstration.

European research projects are tailor made for such cooperation at the edge of what is currently technically possible – and so they are now developing a research proposal together.

This suggests that a potential outcome of the matchmaking activities is entering into a research partnership – and matchmaking geared towards research project consortium building or EU funding fit are valuable services also for midcaps and startups.

Following up on Open Innovation Readiness

Companies and experts have progressively commented that coming together to execute matchmaking activities, discuss open innovation best practices and reading reports is extremely valuable. However, a tailored follow up on how they’ve been doing, internally and externally, could help companies benchmark themselves and understand if they are taking full advantage of corporate-startup collaboration. This is the reason why Mind the Bridge is developing an Open Innovation Readiness tool and having “post-matchmaking” meetings with participating companies.

4.4. Innovation Readiness

To further understand the difference in innovation propensity between midcaps and other companies, the Consortium invited the participant midcaps to participate in MTB Innovation Readiness survey - which allows the team to produce an individual Innovation Readiness Index.

The Innovation Readiness Index is a synthetical measure of the company’s innovation potential, resulting from a detailed assessment of:

- Innovation Strategy and Organization (internal approach)
- Open Innovation Actions (external approach)

Each area (both internal and external) is scored on a scale from 0 to 5. The results are then averaged and appropriately weighted to reduce bias and provide a more comprehensive picture.

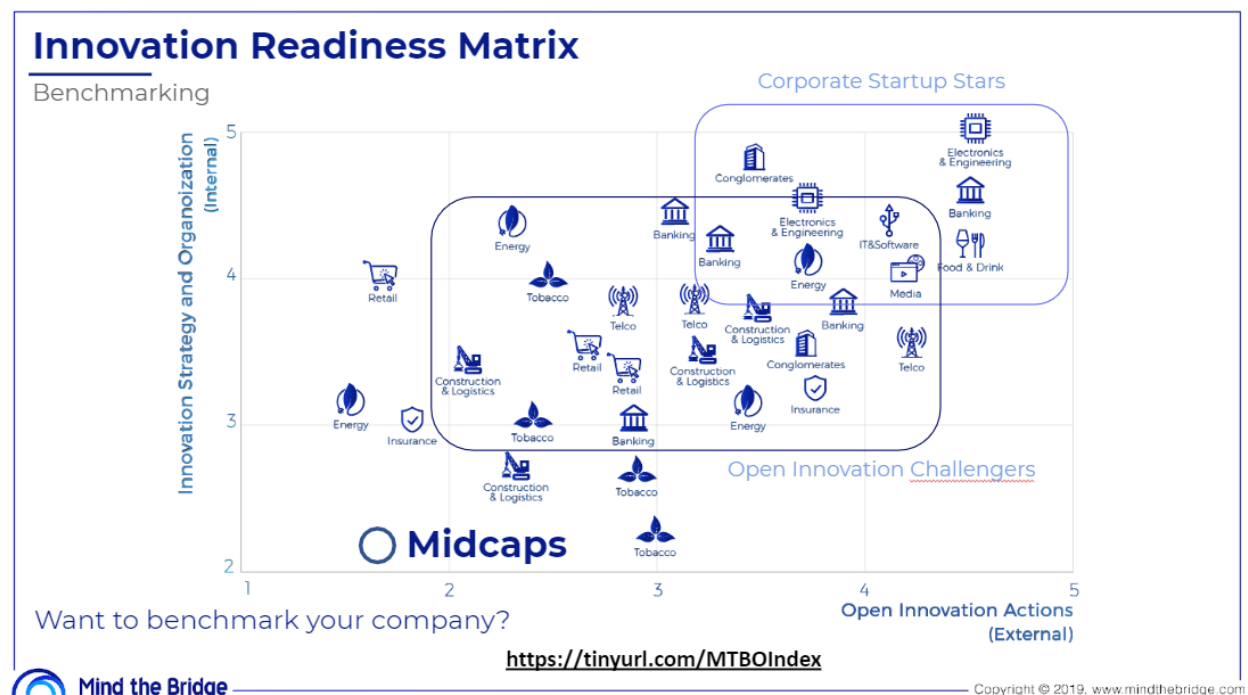


Participating midcaps had the following average score:

- Innovation Readiness: 1.6
- Internal 2.1
- External 1.1

If we would plot that Assessment to benchmark against the large companies considered as innovation leaders (such as the Corporate Startup Stars or Open Innovation Challengers (see below), midcaps are, on average, on the lower left part of the graph.

This underscores the vast potential for improvement in midcaps regarding their innovation readiness, especially to what concerns external actors.



Each midcap will receive a detailed assessment of specific recommendations (split into Internal and External Assessment). The example below pertains only to the external component.

Detailed External Assessment

Exposure

Your Score: Area to Improve ●

Many firms begin their startup engagement by increasing their exposure to startups. 97% of Europe Corporate Startup Stars are regularly exposed to startups.

Participation in startup events and - broadly speaking - a larger company exposure to startup environment is recommended.

Innovation Outposts

Your Score: Area to Improve ●

44% of Corporate Startup Stars have a stable presence (Innovation outpost) in global technology hotspots to understand technology trajectories and scout for technologies.

Visiting global technology hotspots might be beneficial to get first-hand exposure to technology trends.

Corporate Accelerators

Your Score: Area to Improve ●

Corporate accelerators continue to be widely adopted (69% of Corporate Startup Stars), though there are concerns about their financial sustainability and a growing number of corporates abandoning/downsizing their programs.

An assessment re: the opportunity cost to activate a corporate accelerator vs. alternative models is advisable.

Procurement

Your Score: Neutral ●

Funded proof-of-concept and co-development programmes continue to be widely used by leading corporates to initiate their engagement with startups, often leading to procurement contracts.

To be structured a proper scouting process.

Investments

Your Score: Area to Focus On ●

The majority of our Corporate Startup Stars (78%) invest in startups, either through a dedicated CVC fund or directly (off-balance).

To be measured the outcomes of startup investment activities, and specifically: strategic synergies, governance issues, financial returns (if any).

Acquisitions

Your Score: Area to Improve ●

Only one third of Corporate Startup Stars are regularly engaged in startup M&A.

Acquisition strategy to be defined as part of the broader Open Innovation Plan.



As our work with midcaps scales up, we'll be able to provide a more comprehensive picture of the state of open innovation among midcaps in Europe across the different regions.

6. RECOMMENDATIONS

To wrap-up this report, the Consortium will proceed to give concrete recommendations for the future.

For midcap-startup collaboration, we compile the learnings from our experience in matchmaking with the direct advice received from the participants in the project.

For policy-makers, the Consortium will summarize the learnings from the project into concrete recommendations to improve uptake of open innovation by midcaps.

6.1. Recommendations for startup-corporate collaborations

These recommendations were developed through previous research (particularly “Winning Together: a guide to successful corporate-startup collaborations” and “Scaling Together: Overcoming barriers in corporate-startup collaboration” reports, produced by Nesta and Mind the Bridge) and the work done through this initiative, in particular the interviews realised with multiple stakeholders, namely the Good Practice Cases that can be found online here:

<https://mindthebridge.com/tag/midsize-companies/>

Throughout the document, several citations from midcaps and startups will give context to the advice given.

In general, the advice given to corporate-startup collaborations still apply - with the main difference that midcaps generally have less resources and capability to engage in innovation projects and formal external collaborations.

On one side, this allows for a faster decision process - allowing startups to sign deals in a period of 6 months (a feat that is rare among large corporates). From the other side, the process is less clear and projects may have to remain on hold until resources become available. In certain sectors, midcaps are also less familiar with open innovation or collaborating with external companies - treating startups like suppliers instead of innovation partners.

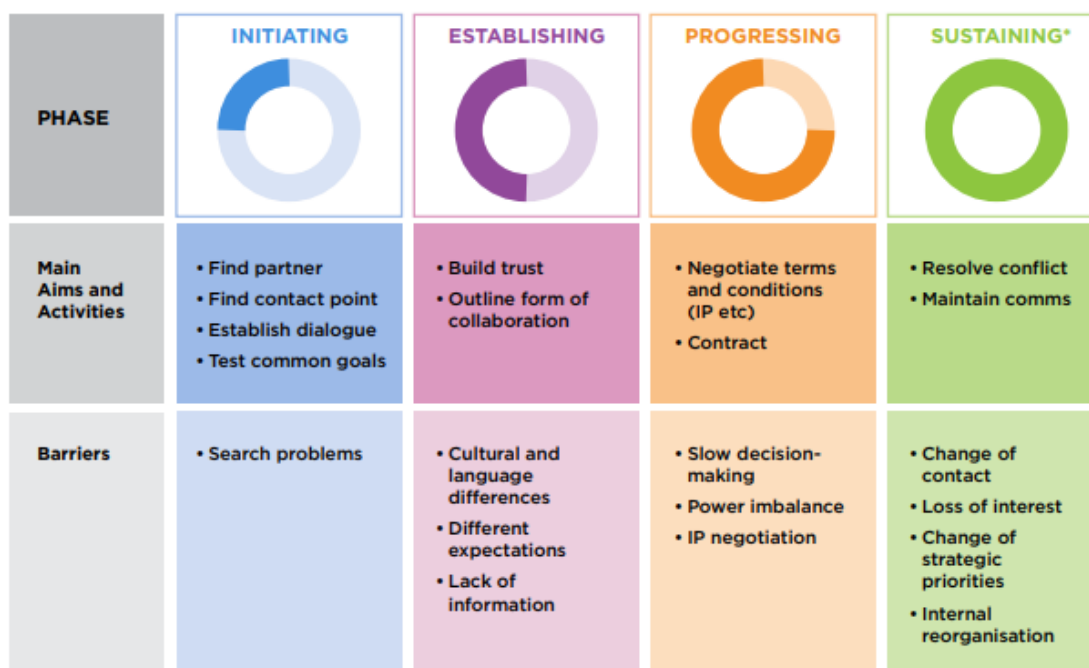
In conclusion, startup-midcap collaboration remains mostly an untapped opportunity for both midcaps and startups - and it’s worth supporting the exploration of a common language for both to make open innovation more commonplace - by knowing when and how startup-midcap engagements can be valuable for both.

6.1. Recommendations for Startups

Startup-midcap collaboration, according to our research, presents similar issues as with larger companies. We find that the framework to identifying common relational barriers to collaboration, as explored in “Scaling Together” by Nesta, provides a great basis for a startup to self-assess the business development processes they run with midcaps.

In the following section, we present individual advice adapted to each of the phases, complemented by recommendations from startups & midcaps participating in the program.

Figure 8: Common relational barriers to collaboration



6.1.1. INITIATING PHASE

- **Practice good salesmanship**
 - Don't push your product/service
 - Focus on finding a fit to the needs of the midcap

Advice from Mathesia:

"Be clear about your value proposition and try to achieve results in the moment."

Advice from Gemit:

"Be patient."

Don't sit in your office and develop products that nobody wants.

Go out into the world and try out your ideas early on."

- **Research your counterpart**
 - Study the midcap, the sector and the context
 - Know how they typically engage with startups
 - Check your network for feedback

Are smaller companies better for early-stage startups? Advice from Sablono:

"I think it depends very much on the stage of the startup. Looking again into our history - our contracts with large multinationals wouldn't have been possible without the initial successes through smaller companies. They helped us mature our offer and understanding of the market."

I'm very sure no multinational companies would've taken the risk to invest in our solution but after we had proven the concept on multiple large-scale projects which were handled by 250-1000 employee companies it was a lot easier to build trust into our solution and services. I'm very sure this wouldn't have happened on year one."

6.1.2. ESTABLISHING PHASE

- **Gauge the level of interest**

- Learn how to tell when there's no interest
- Learn the difference between politeness and actual obstacles

Advice from Poggipolini:

"Listen, be open, humble and listen – we need to turn tech into a product. We're here to establish win-win situations, see each other as partners. If we can do that, nobody can stop us."

- **Adapt to the language of the corporate world**

- Corporates are not so eager to "disrupt"
- Avoid startup lingo such as unicorns, 10x-ing, etc

- **Learn how to say 'no'**

- Don't work for free and set a clear timeline from first proof of concept until profitable commercial agreement

On the danger of "feature creep" and how having a product roadmap can help you say "no" to implementing a feature you don't want. Advice from Sablono:

"When the product development roadmap is not clear between the two of you, it becomes very hard to discuss and it can happen that the customer asks you for feature and feature and feature. They're considering you as a systems provider and not an innovation partner."

6.1.3. PROGRESSING PHASE

- **Don't overpromise**

- Be ambitious, not unrealistic
- Build long-term trust with conservative clients

Advice from EnergyWay:

"Be super professional, show a lot of enthusiasm and find a way to impress the interlocutor.

Forget the classic recipe. Don't be too blocked by the format the corporate would like to receive. Be consistent with what is the value you can bring to them and find your recipe.

Manuals on innovation are not really effective. Experience on fields that even corporates are starting to understand - how to establish these relationships with external bodies that are "contaminating" their organizations - there are no rules!"

- **Understand corporate speed and timing**

- Accept that midcaps work differently than startups
- Overestimate the time needed for each step in the business development process

Larger companies take longer to decide, so is it worth it? Advice from Klappir:

"Our advice is patience and consistency when working with large companies. Some of our best partnerships took a long time... but once they agree, they come all in."

Working with smaller or larger companies is a trade-off – Advice from EnergyWay:
*"Time to sign a deal with a midcap is much shorter – but they don't always have the resources to tackle data science projects adequately.
It's a trade-off!
The main reason why we put so much effort to work with larger corporates in our early stage was for the referrals."*

6.1.4. SUSTAINING PHASE

- **Spread your bets**

- Investing all your resources in one potential client means you expose yourself to the maximum amount of risk if the deal falls through, as they often do
- Try to make sure that work for one client is good for your startup as a whole, not just for this project

Resist being acquired – Advice from EnergyWay:
"You need to be ready to fight a lot at the beginning and keep your mindset steady along the collaboration - there's always the temptation to acquire you - and you need to be sure about your targets and your objectives for the future."

- **Learn when to quit**

- Startups have to be faster than midcaps at recognising when it's time to kill the project

6.1.5. Conclusion

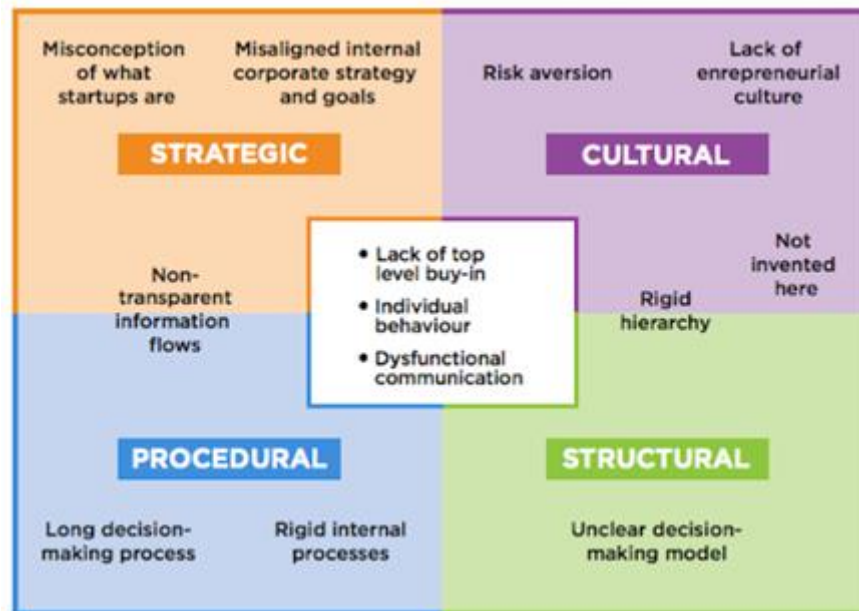
The main insights our participants raised include considering if each relationship with a midcap is strategic for a startup.

An early stage startup can gain vertical experience and reputation by working with smaller companies. A more mature startup might have to consider if the focus should instead go to larger corporates with a wider market.

Working with midcaps that treat startup as suppliers and not co-innovators might be diluting the strategic focus - it's important that both agree on the type of relationship and on a technology roadmap which is mutually beneficial.

6.2. Recommendations for Midcaps

The main recommendations for midcaps remain similar to startup-corporate collaboration, as has been explored by Nesta. Nesta summarizes in this picture what are the main obstacles for corporates to engage in successful collaborations with startups. We've used this as a base for our recommendations below.



6.2.1. STRATEGIC

Develop an innovation roadmap and objectives:

- Define the areas of technology that you will need to monitor now and in 5 years
- Map different business models that are being tested and may impact your core business
- Develop key performance indicators aligned with your objectives (is innovation about pure revenue or also about rejuvenating company culture?)
- Capture data and feedback continuously to ensure the whole organization is on board with the innovation activities

Advice from Poggipolini:

"Take the time to go and listen to startups at events or other situations. It is not "lost" time. It's what you want to do if you want to bring innovation to your company. You can bring your know-how to other markets and try to be always "curious" - the market is super-fast and changing weekly/daily, we cannot stay with the same business models and ideas of the last decade.

It's important that this is done seriously and the company owners understand this - if you do it just because everyone is doing it, then it's a waste of time."

Advice from Gemit:

"We are very interested and focused in getting paid. Unpaid pilots are not a great start for a cooperation, it's not important that it's a huge amount of money, but you'll get much more value from the startup."

6.2.2. PROCEDURAL

Create or adapt processes fit for open innovation activities with uncertain results:

- Have clear processes for different engagements (scouting, procurement, acquisition, ...)
- Create or adapt an innovation pipeline process
- Train your staff on how to evaluate, negotiate and manage innovation projects
- Remain flexible and understand that not all startup engagements are the same

Advice from Glaston:

"Maturity of startups matters: early-stage startups need to be managed better."

Advice from EnergyWay:

"Give us a try! Not joking, give us a try quickly - should be the mantra of any innovation department - it's better to try quick and fail quick, rather than take ages on onboarding and then discover something is not working."

"Don't be too obsessed by including a scaleup or startup in a conventional process if the value proposition is good then why not finding the right way to let the startup you selected to work on the topics you want to ameliorate."

Advice from Klappir:

"Corporations need to understand that time is money, especially for startups. Every moment not working towards a deal is a moment wasted."

"For corporations working with startups this is a key insight."

6.2.3. **STRUCTURAL**

Define where open innovation fits within your structure:

- Assign responsibility for interacting with startups to a Chief Innovation Officer, VP of Business Development, Research Unit, etc
- Define open innovation as a support structure to business units or a key unit with independent objectives
- Define clear contact points with external startups: is it one per business unit or the innovation department?

Advice from Sablono:

"Our early clients: yes, they knew we were a startup but mainly they considered us as a service provider and didn't look at us from an innovation perspective, there was no real structure around that."

"It was in our DNA that we tried to engage with the client deeper without them actually realizing that it was open innovation what we were doing."

6.2.4. **CULTURAL**

Promote activities that help staff understand and value the startup mentality:

- Provide training in startup methodologies (lean startup, design thinking, agile, ...)
- Participate in outward-facing activities (startup events, industry fairs, tech meetups, ...)
- Go beyond your usual geographic and organizational limits

Advice from Mathesia:

"Embrace everything you hear and don't be afraid to adapt! Innovation requires fearlessness."

Advice from Renson:

"In the end I would say (...) even if you have to talk to a lot of companies to find the one that's relevant for you - when you find each other, it's definitely a good experience for both sides."

So have a little faith in the process: there's always more knowledge outside your company, no matter how people you have in your payroll, than inside - and startups have a way of attracting this knowledge."

Advice from Poggipolini:

"We're participating in all the accelerator, incubator programs in our region - including our engineering department and trying to communicate to the community what technologies we're looking for.

This is something that is really paying off and a lot of startups contacting us. Some of them will be just suppliers, others are interested in next steps to evaluate possible investment opportunities."

6.2.5. **Conclusion**

From our interviews, the main points raised alluded to the need for midcaps to become more familiar with the practices of open innovation: taking seriously the prospect of searching for solutions outside of the organisation, considering startups as partners and not just suppliers, understanding that innovation projects need to be compensate both parties for their time, etc.

For some midcaps, they are the ones being pushed by the startups to accelerate and deliver solutions to the market; for others, they are the ones pushing the 'perfectionist' entrepreneurs to deliver a tangible result in a short time.

All in all, our interviewed midcaps are inspiring role models for other companies to follow.

6.3. **Policy recommendations**

The project has as its objective to support midcaps and startups initiating business and strategic collaborations. A matchmaking methodology has been put in place and the results described above followed. This section highlights the main learnings relevant for policy makers and a set of actionable recommendations for policy makers at the national and EU level.

6.3.1. *Context*

Why is cross-border matchmaking between startups and midcaps relevant?

- We're living in a knowledge economy – but no single company can hold all the knowledge necessary to succeed in their market, to develop relevant innovation for their customers and therefore to grow and scale as a sustainable company
- European companies need to collaborate with different sources of knowledge and technology – what is called "open innovation"
- Startups are a great source of technological know-how, new business models & innovation¹¹

¹¹ Ref. Nesta (2016), Scaling Together: overcoming barriers in corporate-startup collaborations.

- All companies, particularly those with limited resources, struggle to keep track of all different technologies in completely distinct domain areas that might affect one's business – e.g.: insurance companies need to monitor the developments in smart devices and the construction sector need not only to stay updated in materials and machinery but on augmented reality.
- Companies need to urgently develop the required capabilities to collaborate efficiently and effectively with startups. 83% of corporates acknowledge that collaboration with startups is important for future success¹²
- Cross-border matchmaking provides a curated opportunity to stay updated with international trends and develop business deals with new technologies and geographies

What is matchmaking support?

- External experts help companies define what might be their open innovation needs – in other words, what sectors should they monitor for complementary solutions provided by startups that can enhance their offer.
- Matchmaking experts not only help building these shortlists but at quickly scanning the market and providing a first evaluation of the fit between midcap and startup.
- As intermediaries, they're able to identify the potential shared goals between parties and provide a warm introduction – both midcap and startup have to trust the matchmaker to be an innovation expert who will present them a counterparty that is worth their time.
- In short, matchmaking support increases significantly the ratio of success of open innovation activities.
- It is particularly valuable for companies that do not have the expertise, time or resources to engage in international innovation scouting - which is the case for most midcaps

What makes a good matchmaking methodology or platform?

- Focused on 1:1 meetings
- Invitation-only: participants filtered by an innovation facilitation expert
- Vertical-focused: limit companies with technologies/solutions related to 1-3 industrial sectors
- International: good mix of companies from different geographies
- Relevancy: at least 5 relevant meetings must be possible for each participant
- Size: around 100 participants ensures a good level of facilitation

Matchmaking events are important as they gather many international participants that wouldn't go out of their geographic area otherwise for 1 or 2 business meetings. The warm introductions and large number of relevant companies make it worthwhile to spend a day in international business development geared towards innovation.

¹² Ref. Match-Maker Ventures (2016), The age of collaboration.

What are the expected results?

- Midcaps and startups forms of collaborations include: commercial agreements, innovation projects & talent sourcing
- For startups, this means increased revenue, clients and product/market validation
- For midcaps, this translates into strengthening their product leadership, accessing new markets, gaining technical and market knowledge as well as rejuvenating internal culture
- 1 in 4 meetings will lead to follow up discussions
- Within 6 months, 4% of meetings lead into a signed deal

The main reasons for startups to fail¹³ is lack of market need and running out of cash. Running collaborations with midcaps addresses both the market validation and revenue - so it increases survivability of startups.

Midcaps main risk is to be outcompeted by nimbler companies - cooperating with startups gives them an edge, by benefiting from their agility and tech savviness.

By the very nature of cross-border business relationships, these collaborations also allow both companies to extend their market reach.

In summary, cross-border matchmaking indirectly results in increased survival rates and innovation as well as faster growth into new markets for both startups & midcaps.

How can we promote successful cross-border matchmaking between startups & midcaps?

The main obstacles pertain to low engagement of midcaps into the matchmaking process. However, the results achieved by participating midcaps are stronger than what we experience in other projects involving large corporations. Finally, it is worth exploring how to increase the success rate.

Our reports thus suggest that increasing the **engagement** of midcaps, **scaling up the matchmaking methodology** would result in exponentially higher results.

The main reasons for the low engagement of midcaps that we identified are:

- Benefits of open innovation are not known to midcaps
- Midcaps are not prepared or structured internally for collaborating with external companies
- Disconnect between startup and midcap mindset
- Lack of role models

¹³ <https://www.cbinsights.com/research/startup-failure-reasons-top/>

- Business support organizations also lack open innovation competences

As such, our first policy recommendations would be to increase midcaps engagement with open innovation initiatives through awareness raising and capacity building.

Secondly, scaling up cross-border matchmaking methodology is proposed as:

- There are not enough experts in open innovation focusing on startup-midcap collaboration
- More verticals need to be covered
- More geographies need to be reached

We have verified that our matching process works.

In other words, placing midcaps in front of startups that are developing innovative solutions within their sector or complementary to their offering proves highly interesting for participants.

As midcaps are faster to jump on these potential opportunities than large corporations, startups will also value these meetings and foster a virtuous reinforcement cycle.

As such, it is highly recommended to foster more matchmaking methodologies that specifically cater to midcaps-startup collaboration.

Finally, there is room for policy makers to support a higher success rate and understand what happens after a deal is signed. For that reason, we recommend studying initiatives that:

- Provide financial incentives to midcap-startup collaborations
- Study midcap-startup collaborations and identify success factors from engagement, first contract signing to long term collaboration agreement

6.3.3. Recommendations

The following table summarizes our policy recommendations:

Policy Recommendation Area	Sub-recommendations	
Engagement	Awareness raising	Capacity Building
Matchmaking	Expand across EU	Verticalization
Beyond matchmaking	Financial incentives	Studying success factors

6.3.4. Engagement

- Awareness raising

The main objective of raising awareness is to help transition open innovation and external collaboration into the mainstream vocabulary for midcaps in Europe. Midcaps should:

- Be aware of the key concepts of open innovation and collaboration with external companies, mainly startups, towards midcaps
- Define potential external sources of innovation (suppliers, customers, startups, R&D institutions, etc)
- Define the multiple ways that midcaps can interact with startups (e.g.: procurement, investment, acquisition, exposure, etc.)
- Know both the benefits & difficulties in midcap-startup collaborations

Policy makers can bridge this knowledge gap by:

- Promoting existing knowledge resources, such as [Mind the Bridge's Report on Open Innovation](#) or Nesta's [Winning Together](#) & [Scaling Together](#) reports on startup-corporate collaboration
- Commissioning open innovation studies and reports tailored for midcaps: highlighting differences between large and small companies and developing tailored tools & frameworks
- Fostering the usage of tools such as the [Innovation Readiness Index](#) as a measure to benchmark midcaps across Europe

Policy makers should promote the participation of midcaps to matchmaking activities. However, it should be made clear how matchmaking activities are different from other types of networking such as trade fairs or 'traditional' business matchmaking.

'Innovation' matchmaking is not about showcasing products or services and securing sales - innovation is closely related to business development, which encompasses co-developing solutions to be sold either to the innovation partner or to third parties.

To ensure that all of this content is clear and well disseminated, policy makers should engage business support organisations - from consultancies to chambers of commerce - to perform the awareness raising. When driving sectoral change with midcaps, it is necessary to engage the organisations that they rely on.

E.g.: Mind the Bridge has been recently supporting Confindustria Emilia-Romagna - delivering an open innovation readiness workshop and then inviting the +10 participating midcaps into the Scaleup Summit in Milan

However, these organisations need to develop these competencies internally. For this reason, we move into the Capacity Building part of the policy recommendations.

- Capacity Building

Open Innovation is an emerging field where very few true experts already exist. It is imperative to develop these competences within midcaps, business support organisations as well as policy makers tasked with promoting innovation and economic development.

An Open Innovation expert must be able to:

- Spot new business models and technologies.
- Identify the trends and cross-business ideas hard to capture by single business units
- Scout for startups to license/integrate, to invest in, and to set-up strategic partnerships with
- Understand startup culture and processes (funding, design thinking, sales, business development)
- Be familiar with the fundamentals of key technologies (machine learning, big data, artificial intelligence, internet of things, etc.)

We strongly encourage policy makers to promote the development of open innovation curricula in different formats (multi-month, 1-week, 1 day, etc.) and geared towards different stakeholders: midcaps, business support organizations, policy makers. Programs to 'train the trainers' are essential to accelerate adoption and know-how of these concepts.

It would be particularly relevant to develop specialized content for different sectors and regions, adapting to the peculiarities of each.

- European & National level recommendations

At the European level, policy makers are recommended to:

- Engage international business support organizations, networks and industry representatives to deliver matchmaking support and open innovation trainings
- Disseminate open innovation studies across Europe (best practice sharing across countries)
- Foster research on cross-border matchmaking at the European level (comparing national realities and benchmarking with US, China, etc)
- Support the identification of midcap sectors that can benefit the most from emerging technologies and thus collaboration with startups

At the national level, policy makers are recommended to:

- Engage national business support organizations, networks and industrial sector representatives to deliver matchmaking support and open innovation trainings
- Disseminate open innovation studies
- Foster studies on cross-border matchmaking at the national level (state of open innovation and how to improve)
- Support local industry sectors in identifying relevant emerging technologies and developing a roadmap for inclusive transition

France has created French Fab with the objective to accelerate the transformation onto Industry 4.0 in the country - one of their pillars being the collaboration with startups - or La French Tech, as is their initiative for startups. These initiatives are noteworthy by the clear vision and identity that they seek to provide to the industry - making sure that such efforts affect whole sectors, not just individual companies.

6.3.5. *Scaling up matchmaking*

The results from the cross-border matchmaking process put in place are promising - so the objective should be to replicate the process at scale. It is crucial that the basic formula remains in place: maximum 100 people, invite-only matchmaking events, pre-screened companies, meetings with clear goal backed by an experienced innovation scouting team.

For matchmaking events to remain relevant, they should remain small - so in order to serve Europe's midcaps, it is necessary to organise many more. The next steps are to expand geographically and to encompass more industrial sectors, building vertical specific know-how and networks.

- Expand across EU

Implementing multiple matchmakings across the EU is relevant for multiple reasons:

- Companies, particularly midcaps, are often reluctant to travel long distances for their initial matchmaking meetings. Many expressed gratitude for bringing so many international startups to one location.
- Companies take pleasure in inviting potential partners to their industrial premises after a first meeting.
- Organizing matchmaking platforms across EU allows for more inclusivity and opportunities to meet usually less reachable and attractive geographies such as the Baltic or Balkan states.
- Business support organizations in each different location can leverage the local network for the benefit of the visiting companies.

- Verticalization

Matchmakings must bring together midcaps and startups with complementary sectors and technologies - it is crucial that most participants see in each other a potential client, a partner or an expert in the same field they can learn from. When there are too many verticals/sectors present, the matchmaking relevancy dilutes quickly - and it is harder to take full advantage of the event.

Simultaneously, there is potential for cross-border matchmaking to deliver impact to many sectors and verticals - and so there should be as many matchmakings as there are relevant verticals.

Finally, deep tech companies (such as those working with new materials) often seek very specialized matchmaking - it is worth exploring the degree of specialization that matchmakings should strive for.

- European & National level recommendations

At the European level, policy makers are recommended to:

- Stimulate cross-border matchmakings across a wide geographic spread
- Promote cross-border midcap-startup matchmaking in the European Commission's business platforms (e.g.: Enterprise Europe Network, Startup Europe, European Innovation Council)
- Identify key industrial priorities for matchmaking services in the EU as a whole
- Identify key combinations of geographies and verticals that should host matchmakings (by working closely with entities such as the Digital Innovation Hubs)
- Secure financial support to organize cross-border matchmaking events (particularly to support travel costs of the most promising companies)

At the national level, policy makers are recommended to:

- Incentivize national business support organizations to host cross-border matchmakings on topics relevant to the companies in their region
- Support business support organizations and networks to map the relevant midcaps and startups that would benefit the most from attending cross-border matchmakings

6.3.6. *Beyond matchmaking*

Several questions are left open after this initial work. This section summarizes our recommendations for further investigation into cross-border midcap-startup matchmaking and what happens after.

- Financial incentives

Policy makers should explore if there is a positive impact in supporting financially cross-border matchmaking in any of its stages: training midcaps/corporates, consulting for their innovation needs, tech scouting, facilitating 1:1 meetings or following up.

Several startups and midcaps have reported that engaging in innovation projects or 'proofs of concept' is not financially sustainable for either side if that's the sole source of revenue - which makes midcaps shy away from taking part and, for startups, can be the end of the business. Could this be a relevant area for policy makers to address and subsidize these 'proofs of concept'?

Including financial incentives can also make such innovation initiatives feasible for many midcaps with lower resources - particularly the ones in weaker economies such as Eastern Europe - effectively enlarging the reach and inclusivity of these actions.

It is worth noting that many EU research projects (e.g.: under Horizon 2020) already subsidize innovation projects where midcaps and startups work together - but they tend to be heavy in bureaucracy. A simpler process (similar to the SME Instrument) could be conceived dedicated to the specific purpose of midcap-startup collaboration.

- Studying success factors

Our matchmaking process can achieve success in signing a deal. But what happens after? How can we maximize the chances of producing a successful collaboration? Should more support be given before or after? What are the factors that should be taken into account by startups, midcaps, business support organizations and policy makers? Larger and more comprehensive studies must be made into this field in order to reach more conclusive answers.

Glaston, one of our midcaps, in a 1:1 discussion with a representative from the Finnish ministry of labor, became aware of the importance of sharing the learnings they had obtained from working with startups. Policy makers, midcaps and startups have much to learn yet from the different ways of working together - and more structured formats of compiling these learnings would be welcome.

- European & National level recommendations

Policy makers should strive to continue exploring the potential of collaborating across sectors. Midcap-startup collaboration is an interesting aspect - and so there could be potential in arranging matchmaking with other organizations, such as R&D institutions, city authorities or even NGOs. The concepts of Triple, Quadruple or even Quintuple Helix innovation have been emerging but still lack concrete demonstration on wide-spread applicability¹⁴.

Our recommendations at this stage are for policy makers to allow themselves to commission more studies at the national and European level on:

- The impact of financial incentives on cross-border matchmakings
- Success factors for midcap-startup cross-border collaborations
- Variations of cross-border matchmaking models

7. CONCLUSION

This report described a process for cross-border matchmaking for midcap-startup collaboration. 25 midcaps met almost 100 startups in roughly 1 year. The process has presented promising results - with 4% of 1:1 meetings leading into signed deals.

There is still much innovation potential to be unlocked by stimulating more collaborations between midcaps and startups.

Lessons learned suggest that more effort needs to be dedicated in preparing and attracting midcaps to take part in cross-border matchmakings.

As open innovation is an emerging discipline from which only now there are best practices being developed, it must be assured that these fit the needs of midcaps.

Policy makers are urged to support open innovation through awareness raising and capacity building; while simultaneously encouraging business support organisations to replicate the cross-border matchmaking process presented here.

¹⁴ <https://innovation-entrepreneurship.springeropen.com/articles/10.1186/2192-5372-1-2>

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