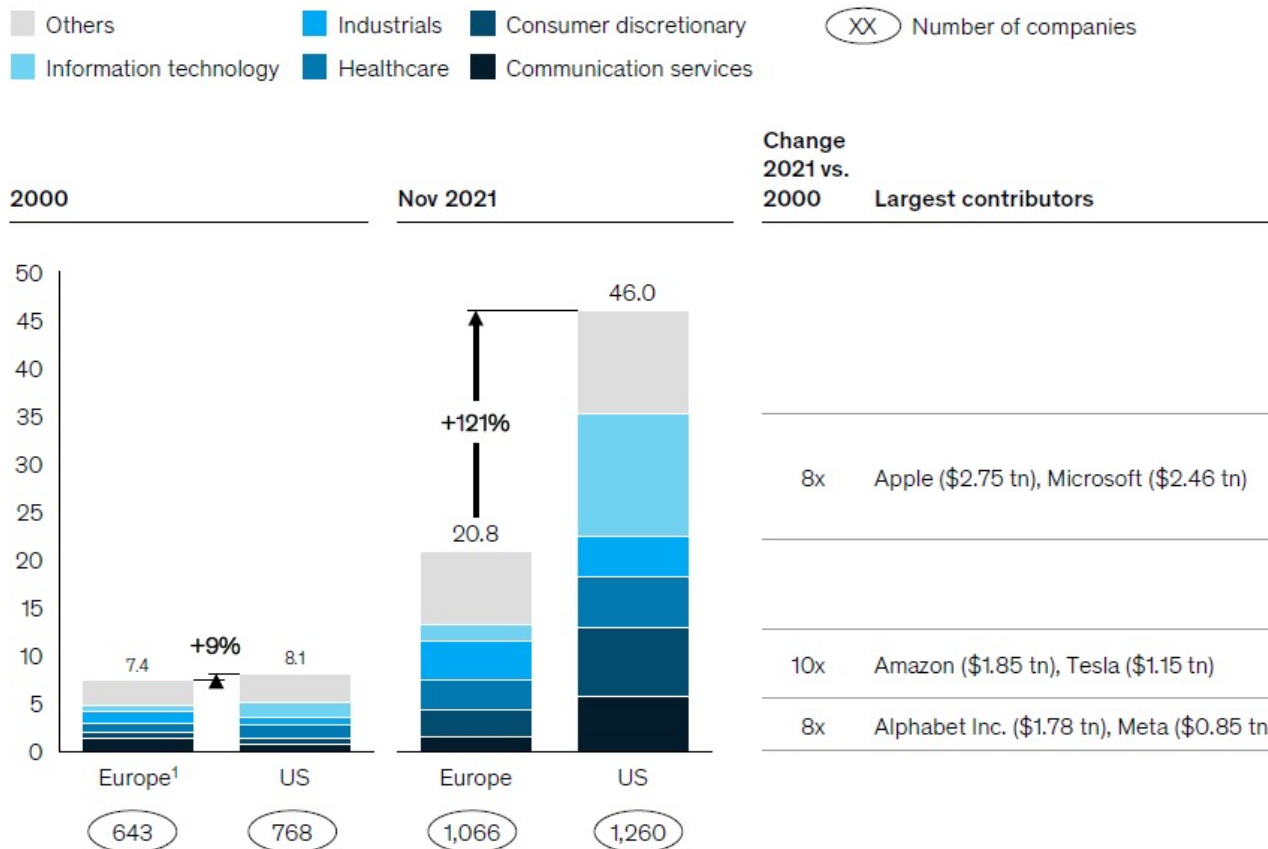# Practical Class #10

International Management

Spring 2025

May, 8/9

Innovation as a driver of growth

Exhibit 4

Former start-ups drive innovation and are the basis for the United States' global economic leadership position

Legend: Others · Information technology · Industrials · Healthcare · Consumer discretionary · Communication services · (XX) Number of companies

	2000	Nov 2021	Change 2021 vs. 2000	Largest contributors
Europe[1]	7.4	20.8		
US	8.1	46.0		
+9%				
+121%				
			8x	Apple ($2.75 tn), Microsoft ($2.46 tn)
			10x	Amazon ($1.85 tn), Tesla ($1.15 tn)
			8x	Alphabet Inc. ($1.78 tn), Meta ($0.85 tn)

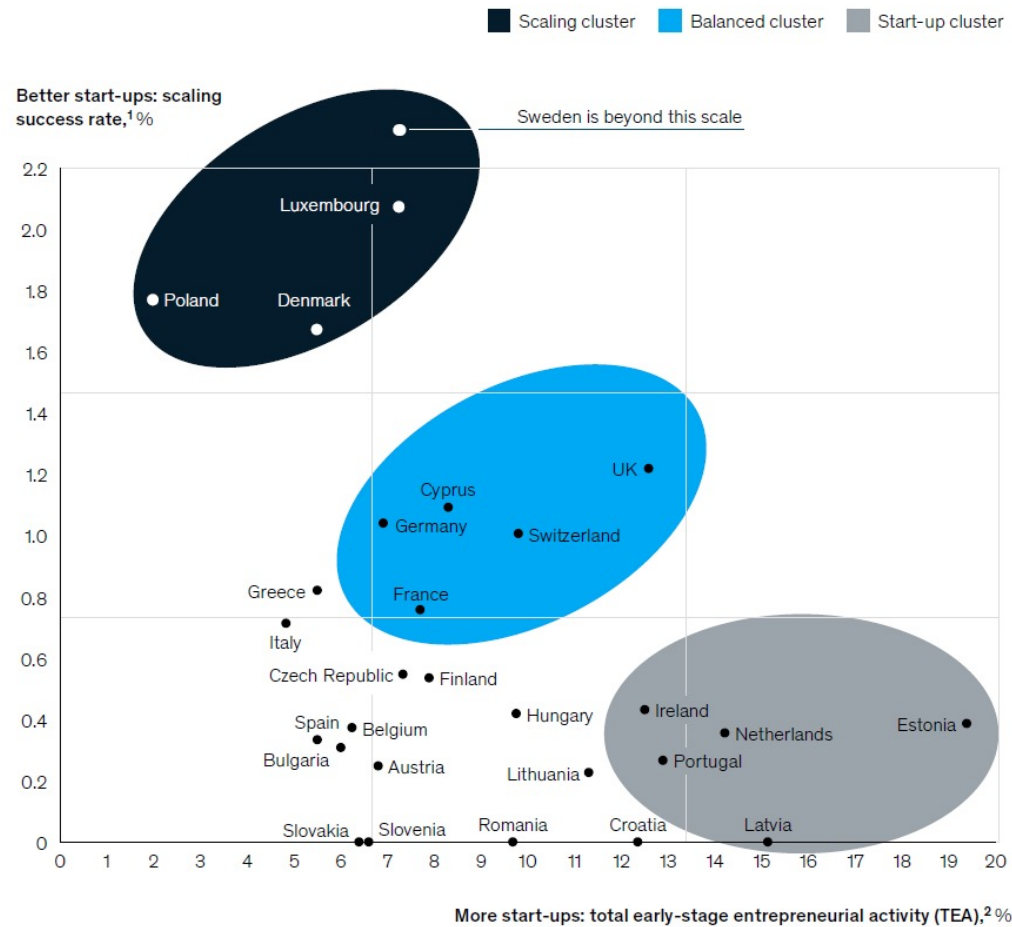Number of companies: Europe (643), US (768), Europe (1,066), US (1,260)

1. EU-27, Switzerland, UK, and Norway

Source: CPAT; McKinsey

Ability to enable foundation and scale up

European countries differ in their ability to enable the foundation and scale-up of start-ups

Case study – Estonia

- ❖ **Favourable tax** - 0% corporate income tax on reinvesting and retaining profits within entities.

- ❖ **Start-up Visa -** to attract non-EU talent.

- ❖ **Digital Nomad Visa -** live and work up to one year.

- ❖ **e-Business Register platform** - set up a company in less than 30 minutes and only two to three business days for the official registration, which utilises notary services enabled by unbureaucratic and highly digitized processes.
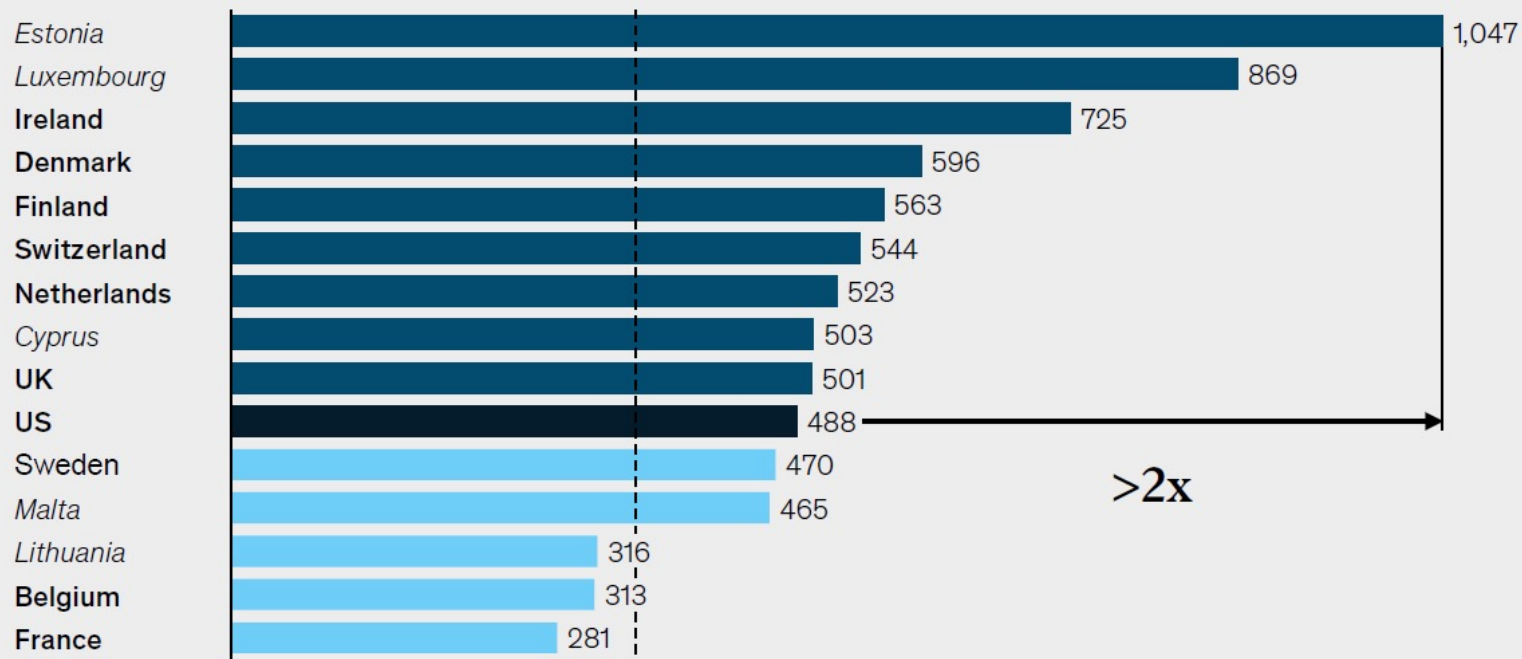
Case study – Estonia

Exhibit 12

Estonia offers a favorable environment for setting up start-ups

Countries with GDP >$100 bn
Countries with GDP <$100 bn

■ Top third ■ Middle third ■ Bottom third ■ US

Total number of start-ups,[1] scale-ups,[2] and stable companies[3] in 2022, per 1 mn capita

Country	Value
Estonia	1,047
Luxembourg	869
Ireland	725
Denmark	596
Finland	563
Switzerland	544
Netherlands	523
Cyprus	503
UK	501
US	488
Sweden	470
Malta	465
Lithuania	316
Belgium	313
France	281

>2x

Case study – Switzerland

❖ In 2021, Switzerland had more than five times the number of patent applications per capita than the European average.

❖ **"Trust Valley"** – this hub of entrepreneurship is home to 313 tech companies, of which 148 are AI companies.

Case study – Switzerland

❖ <u>International AI hub focused on digital trust:</u>

- **Research** – publishes twice as much AI research per capita as its European peers.

- **Funding** – strong capital backbone with a high density of private capital, solid financial institutions, and corporate investors.

- **Regulations** that allow pension funds to invest up to 5% of their assets into VC – mostly prohibited in other EU countries

- **Talent** – local and expats via tax regulations and seamless digital administration processes
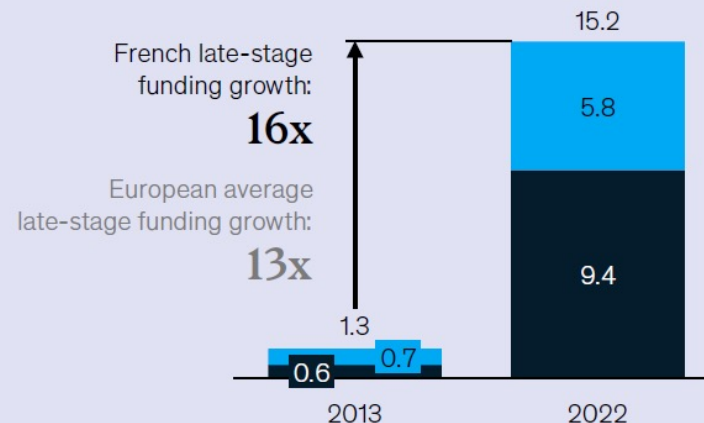
Case study – France

❖ La French Tech - government body established to support the French start-up community

❖ Focuses on the scaling success of existing start-ups, leading to a significant increase in early- and late-stage funding

Exhibit 15

Funding in France has grown tremendously as a result of its support initiatives

Total funding development in France, $ bn

■ Early-stage funding   ■ Late-stage funding

French late-stage funding growth:
16x

European average late-stage funding growth:
13x

15.2

5.8

9.4

1.3

0.6   0.7

2013   2022

Source: Dealroom; La French Tech; Sifted; expert interviews; McKinsey

Start-Up environment in Portugal

NOVA NOVA SCHOOL OF BUSINESS & ECONOMICS

❖ Go to Moodle >> Lisbon Start-up environment (PDF)

  - 10 min to read

❖ Based on the article, discuss and answer to the following question:

  - What are the characteristics of the start-up environment in Portugal?

OutSystems

❖ The platform

https://www.outsystems.com/platform/

❖ The culture

https://www.outsystems.com/company/careers/

OutSystems

❖ Go to Moodle >> OutSystems case (Word)

- 15 min to read

❖ Based on the article, what are the key success factors in OutSystems' case in terms of:

- Business model
- International expansion
- Culture

OutSystems' case

1. What are the **key successful factors** in the OutSystems case in terms of:

Business Model	International expansion	Culture
• Developed a product, a platform to companies to develop web and mobile applications • Market estimated in 22 b€ in 2020 • Big clients from the beginning: Sonae, ANA, Brisa • Funding obtained in an early phase • Has grown organically: professional services (not ad hoc) • First mover • Pricing model: from open-ended licenses to begin selling software subscription	• Thinking global from day one • First entered the US market and the Netherlands • The US market because of previous experience working there, excellent market conditions and affinity • The Dutch market – Dutch shareholders • Before opening operations in host countries: 2/3 important clients • Product engineering (core) stays in Portugal • Subsidiaries managed from Portugal with local employees	• Targeting talent: "creative, intelligent, and passionate"; recruiting from top universities • Great culture (safe environment: ok to take risks) • Competitive but cautious with growing • Leadership example • To maintain culture: subsidiaries are managed by Portugal but with local employees to better adapt (and be accepted) by foreign markets

Feedzai

❖ Go to Moodle >> Feedzai case (PDF)
  - 10 min to read

❖ Based on the case, discuss the following question:
  - What are Feedzai's **key successful factors?**

Feedzai's case

❖ <u>Key successful factors:</u>

- Intellectual property and original technology (3 millisecond check)
- Increasing need for fraud protection in times of boom of online transactions
- General rise of cybercrime
- AI system adapts by itself based on the amount data received

Offcoustic

❖ Portuguese startup founded in 2019 that aims to:

  • "Creating Comfortable Space for Calls. Phone Booths as a Service"

❖ Uses both a product as a service and the subscription payment models.

❖ Currently expanding to Spain.

Business ecosystem - Universities

Nova SBE — a school for accelerating startups

Nova School of Business & Economics has been the launch pad for many of Portugal's most successful start-ups.

- ❖ Nova SBE has been the launch pad for many of Portugal's most successful startups: Uniplaces, Go Natural, GuestU, and Raize, all originated with Nova SBE Alumni or faculty members.

- ❖ **Nova SBE Haddad Entrepreneurship Institute** - empowers new ventures at every stage, cultivates entrepreneurial skills in students and professionals, and shares cutting-edge knowledge on entrepreneurial topics, trends, and methodologies.

Business ecosystem - Conferences

❖ Technology and investment conferences are setting up shop in Lisbon:

- **Web Summit** extended its stay until 2028, attracting 80,000 tech professionals to the city and is expected to generate $3.5 billion in revenue for the country until then.

- **The Lisbon Investment Summit** - held every June, is an opportunity for homegrown start-ups to pitch to international venture firms and has significantly contributed to putting Lisbon on the European tech map.