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SCALE UP PORTUGAL 2021

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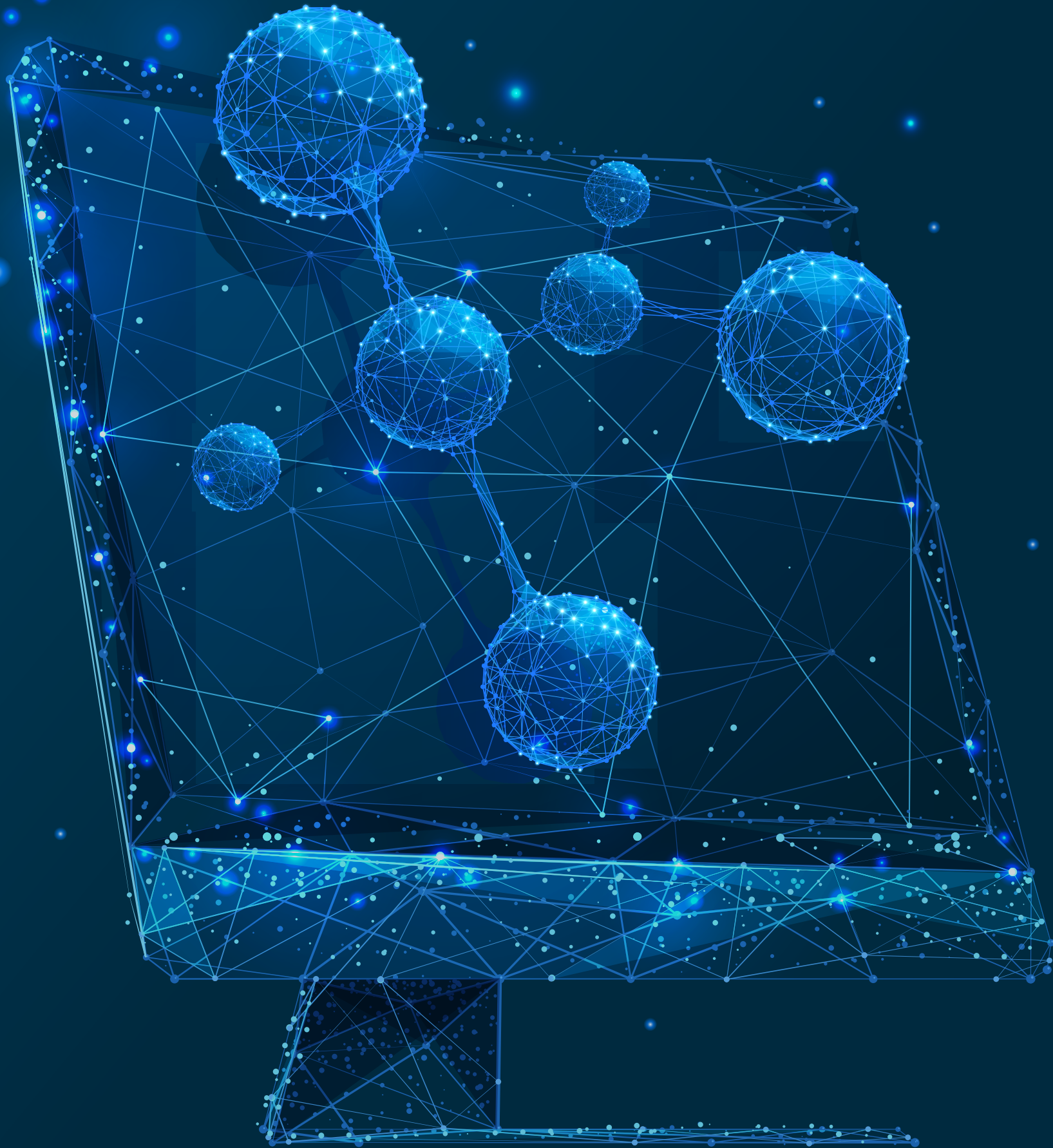
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EDITION

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Report Curators



EIT Digital is a leading European open innovation organization that represents a partnership of over 200 top European corporations, SMEs, startups, universities, and research institutes. EIT Digital invests in strategic areas to accelerate the market uptake of research-based digital technologies and to bring entrepreneurial talent and leadership to Europe.

EIT Digital is a Knowledge and Innovation Community of the European Institute of Innovation and Technology (EIT). EIT Digital headquarters is in Brussels with colocation centres in Berlin, Budapest, Eindhoven, Helsinki, London, Madrid, Paris, Stockholm, Trento, Braga and a hub in Silicon Valley. For more information visit: www.eitdigital.eu.



Building Global Innovators (BGI) is a deep innovation global accelerator based in Lisbon (Portugal) with operations in Cambridge (USA). BGI was born from the MIT Portugal Innovation and Entrepreneurship Initiative (IEI) – launched to support Portugal's goal to strengthen its capacity in business education, technological innovation, and entrepreneurship. The initiative was born out of a collaboration between ISCTE-IUL, MIT Deshpande Centre for Technological Innovation, MIT Entrepreneurship Centre, and MIT's School of Engineering.

In 12 batches BGI has accelerated over 154 ventures, with a survival rate of 60.4%. BGI alumni have created 727 high tech jobs and raised over €260 Million. These results have led Valuer.ai to identify BGI as one of the top 50 accelerators in the world (2018) and Fundacity to pick BGI as one of the top 20 accelerators in Europe (2014). More recently, BGI has been strengthening its ties with the European Institute of Innovation and Technology, in 7 Knowledge Innovation Centres (KIC's), namely EIT Digital, EIT Climate-KIC, EIT Food, EIT Urban mobility, EIT Raw Materials, EIT Manufacturing and EIT Health. Some BGI alumni, like Feedzai, Veniam, and Sword Health are now valued at several hundred million euros. Exits are expected to follow soon.

To date, BGI develops not only several accelerators (for startups working in different industries and at different development stages), but also Open Innovation Programs (working closely with corporates), Education programs (including Hackathons and summer schools), and other initiatives aiming at developing innovation. For more information on BGI and its programs visit: www.bgi.pt



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Report Collaborators

IN PARTNERSHIP WITH

Semapa Next is a venture capital firm that invests in teams of exceptional founders at the Series A and Growth stages. We want to be a long-term partner of exceptional teams that are positively changing the world we live in. Besides investing with patient capital, we bring a mix of entrepreneurial, operational and financial experience to our investments. In addition to our team's expertise, we provide access to Semapa's Group and its international network of partners to leverage opportunities of business development, technology piloting and world-class expertise in managing and growing global businesses.: www.semapanext.com

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MAZE Impact is a European impact investing company based in Portugal created in 2013 by the Calouste Gulbenkian Foundation. MAZE Impact invests in effective solutions that solve social and environmental challenges and supports entrepreneurs in expanding their solutions to the European market through an impact investing fund, acceleration programs and through working with the public sector to improve the impact of social service delivery.


For more information: www.maze-impact.com

DATA PARTNER

Informa D&B is the company that, in Portugal and Spain, leads the supply of information and knowledge about the business universe, helping customers base their business decisions for over 115 years. Informa D&B's mission is to produce essential, credible and innovative information to support the business decisions of it's customers, while helping them reduce risk and find their own customers.

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Executive Summary

This is the fifth edition of the Scaleup Portugal report, a micro-analysis of technology-based and technology-enabled startups/scaleups originating from Portugal. This report is an attempt to identify the TOP 25 performing startups/scaleups in Portugal and to determine what aspects of their anatomy make them successful. This is a follow-on report from our macro report - Portugal Startup Outlook 2021. We select the TOP 25 by considering the total capital raised, total revenues, capital to revenue ratio, jobs created, and time-to-market of scaleups founded between 2016 and 2021. The report starts with an overview of our methodology and then proceeds to list the TOP 25 Portuguese startups/scaleups according to the set criteria. These companies studied cut across 4 major application verticals, namely:

ICT

Consumer & Web

MedTech and Health IT

Cleantech & Industry 4.0

In addition to highlighting the TOP 25 scaleups, we also highlight Top 10 scaleups in each application vertical, as well as honourable mentions (scaleups older than 5 years but younger than 10 years). Below are some of the key highlights of the report:

*The TOP 25 have raised a total of €195,050,423 and generated €68,706,032 in revenues between 2016 and 2021.

*The 2021 TOP 25 cohort only featured one Health IT & Medical Devices startup.

*The gap between domestic and foreign sources of funding fluctuates, with foreign sources always dominating. For instance, there was a 75% gap in 2019, 49.26% gap in 2018, 19.2% gap in 2020 and 59.38% gap in 2021.

*Companies featured in the honourable mentions list have collectively raised €828,016,000.

We conclude the report by highlighting the opportunities that corporates, accelerators and incubators can leverage on to boost the Portuguese entrepreneurial and innovation ecosystem.



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About The Report

BACKGROUND

This is the fifth edition of the Scaleup Portugal (SP) report. This report is a micro analysis of technology-based and technology-enabled startups originating from Portugal. This report identifies and analyses the top 25 high performing startups/scaleups originating from Portugal, to enable ecosystem stakeholders to understand the anatomy behind successful startups.

PURPOSE

- *To be a reference point for a variety of stakeholders at every level across the ecosystem.
- *To reach out to a wider Entrepreneurial and Innovation (E&I) community in the EU and beyond, with the purpose of encouraging collaboration and partnerships.
- *To showcase achievements and identify shortcomings within the Portuguese E&I ecosystem.
- *To act as a guide for future entrepreneurs and other players interested in becoming actors of the E&I ecosystem, helping them run their activities more efficiently.

DATA SOURCE

This report relies primarily on secondary data sources. Data on initial capital requirements, revenues, exports, employment, production, capital, costs, profitability, and other company indicators were provided by Informa D&B. Data on venture capital investments and other funding information was sourced from CrunchBase. We also obtained insights from interviews with stakeholders such as founders, investors, and accelerator managers.

METHODOLOGY

This report uses descriptive analysis to explain data obtained from our data sources. The period of analysis was from 2016 to 2021 (July). We analysed a sample of 570 startups/scaleups originating from Portugal (i.e. Startups headquartered in Portugal and those no longer headquartered in Portugal). Our sample was chosen and evaluated against the following criteria/variables:

- An emerging venture: Any company founded in Portugal between the 1st of January 2016 and 31st of July 2021. I.e. any company that has been operating for less than or equal to 5 years.
- Application Verticals: The study relied on 4 major verticals. The companies must fall into one of the following verticals: (i) Information and Communication Technology (ICT), (ii) CleanTech & Industry 4.0, (iii) Consumer & Web and (iv) Medical Devices & Health IT.
 - *It is important to note that the categorisation of our focus startups is flexible, and therefore open to various interpretations as many of the startups have characteristics that cut across these verticals. These application verticals were chosen because they appear to have the most traction with investors and are representative of the critical mass in Portugal.
- BGI Ranking Methodology - Please see annex for more information



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REVIEW OF 2020

REVIEW OF 2020

Although 2020 was impacted significantly by the COVID-19 pandemic, it spurred innovation in the following verticals; Health IT & Medical Devices, ICT and Consumer & Web.

The TOP 25 have raised a total of €117,818,347 and generated €120,203,698 in revenues between 2015 and 2020.

Scaleups in the Consumer and Web (44%) vertical were represented more in the TOP 25 compared to previous years;

The gap between domestic and foreign sources of funding is closing, which suggests the growing maturity of the Portuguese startup ecosystem: in 2020 the difference in the total funding between foreign and domestic sources was 19.2%, 75% in 2019 and 49.26% in 2018;

There appears to be a gap in early-stage financing, which is reinforced by low representation of pre-seed funds, Angel investors and the decline in non-dilutive financing.

Portuguese founders are highly qualified with the majority of them holding at least a master's degree

Download the Scaleup Portugal 2020 report
www.scaleupportugal.tech



6 The Rankings

Table 1: TOP 25 Startups/Scaleups in Portugal (2016-2021)

RANK	NAME	LAUNCH DATE	CURRENT HQ	TOTAL FUNDING(€)	WEBSITE
1	CASAFARI	2017	Lisboa	119,211,532	www.casafari.com
2	FORALL PHONES	2016	Lisboa	4,307,214	www.forallphones.pt
3	AIRCOURTS	2016	Lisboa	92,295	www.aircourts.com
4	UTRUST	2017	Lisboa	17,850,000	www.ustrust.com
5	ADVERTIO	2017	Lisboa	1,636,250	www.advertio.com
6	BARKYN	2017	Lisboa	10,519,903	www.barkyn.com
7	TB.LX BY DAIMLER TRUCKS & BUSES	2018	Lisboa	Undisclosed	www.tbtx.io
8	DIDIMO	2016	Porto	7,462,136	www.didimo.co
9	GOWITHFLOW	2019	Porto	4,708,609	www.gowithflow.io
10	MINDPROBER	2016	Porto	498,318	www.mindproberlabs.com
11	SENSEI	2017	Lisboa	6,270,828	www.sensei.tech
12	COVERFLEX	2019	Braga	5,093,481	www.coverflex.com
13	DIGITAL MANAGER GURU	2017	Santarem	290,042	www.digitalmanager.guru
14	KITCH	2019	Lisboa	4,288,086	www.kitch.io
15	TONIC APP	2016	Lisboa	3,299,422	www.tonicapp.com
16	SOUND PARTICLES	2016	Leiria	387,685	www.soundparticles.com
17	PROBELY	2016	Lisboa	1,094,425	www.probely.com
18	GLARTEK	2017	Lisboa	1,442,471	www.glartek.com
19	AUTOMAISE	2017	Braga	1,030,449	www.automaise.com
20	TESSELO	2017	Lisboa	104,155	www.tesselo.com
21	CODAVEL	2018	Porto	1,902,552	www.codavel.com
22	GOPARITY	2017	Lisboa	921,544	www.goparity.com
23	WEGHO	2018	Porto	1,652,033	www.wegho.com
24	TWOOSK	2016	Aveiro	Undisclosed	www.twoosk.com
25	LIVE ELECTRIC TOURS	2017	Lisboa	986,995	www.liveelectrictours.pt

DATA SOURCE: INFORMA D&B

After analysing 570 companies founded between 2016 and 2021, using the following criteria; money raised, revenues generated, number of employees, time to market, and capital to revenue ratio we arrive at the TOP 25 Portuguese startups/scaleups for the year 2021 (Table 1). Following this ranking methodology, we suggest the startups on this list have the appropriate fundraising and market entry strategy, and make the best use of their resources to outperform other startups (i.e. 545 other startups) within the period of analysis. The 2021 cohort has 15 newcomers including, Casafari, TB.LX, Mindprober, Sensei, Coverflex, Digital Manager Guru, Kitsch, Sound Particles, Glartek, Automaise, Tesselo, GoParity, Wegho, Twoosk and Live Electric Tours. Surprisingly, only one Health IT and Medical Device scaleup (i.e. Tonic App) was featured in the 2021 cohort, given COVID-19 pandemic. The TOP 25 startups/scaleups have collectively raised €195,050,423 which represents an 84% share of all money raised (i.e. €232,007,282) by Portuguese startups founded (i.e. 570 startups) between 2016 and 2021. The money raised per scaleup in the TOP 25 is nineteen times (19x) larger than the average money raised (i.e. €407,030) by Portuguese startups (i.e. 570 startups).

Table 2: Top 10 ICT Scaleups in Portugal (2016-2021)

RANK	NAME	LAUNCH DATE	CURRENT HQ	TOTAL FUNDING	WEBSITE
1	UTRUST	2017	Lisboa	17,850,000	www.ustrust.com
2	TB.LX BY DAIMLER TRUCKS & BUSES	2018	Lisboa	Undisclosed	www.tblx.io
3	DIDIMO	2016	Porto	7,462,136	www.didimo.co
4	MINDPROBER	2016	Porto	498,318	www.mindproberlabs.com
5	SOUND PARTICLES	2016	Leiria	387,685	www.soundparticles.com
6	PROBELY	2016	Lisboa	1,094,425	www.probely.com
7	GLARTEK	2017	Lisboa	1,442,471	www.glartek.com
8	AUTOMAISE	2017	Braga	1,030,449	www.automaise.com
9	CODAVEL	2018	Porto	1,902,552	www.codavel.com
10	BEAMIAN	2019	Lisboa	770,269	www.beamian.com

DATA SOURCE: INFORMA D&B

Table 2 shows the TOP 10 Portuguese scaleups in the ICT vertical for 2021. Nine of the scaleups on this list are featured on the TOP 25. The TOP 10 ICT scaleups have collectively raised €32,438,305 between 2016 and 2021.

Table 3: Top 10 Consumer and Web Scaleups in Portugal (2016 -2021)

RANK	NAME	LAUNCH DATE	CURRENT HQ	TOTAL FUNDING	WEBSITE
1	CASAFARI	2017	Lisboa	119,211,532	www.casafari.com
2	FORALL PHONES	2016	Lisboa	4,307,214	www.forallphones.pt
3	AIRCOURTS	2016	Lisboa	92,295	www.aircourts.com
4	ADVERTIO	2017	Lisboa	1,636,250	www.advertio.com
5	BARKYN	2017	Lisboa	10,519,903	www.barkyn.com
6	SENSEI	2017	Lisboa	6,270,828	www.sensei.tech
7	COVERFLEX	2019	Braga	5,093,481	www.coverflex.com
8	DIGITAL MANAGER GURU	2017	Santarem	290,042	www.digitalmanager.guru
9	KITCH	2019	Lisboa	4,288,086	www.kitch.io
10	WEGHO	2018	Porto	1,652,033	www.wegho.com

DATA SOURCE: INFORMA D&B

Table 3 shows the TOP 10 Portuguese scaleups in the Consumer and Web vertical for 2021. All 10 of the scaleups on this list are featured on the TOP 25. The TOP 10 Consumer and Web scaleups have collectively raised €153,361,663 between 2016 and 2021.

Table 4: Top 10 Medical Devices and Health IT Scaleups in Portugal (2016 - 2021)

RANK	NAME	LAUNCH DATE	CURRENT HQ	TOTAL FUNDING	WEBSITE
1	TONIC APP	2016	Lisboa	3,299,422	www.tonicapp.com
2	HYDRUSTENT	2016	Braga	2,115,398	www.hydrustent.com
3	CELLMABS	2019	Lisboa	2,720,000	www.cellmabs.com
4	VIRTULEAP	2018	Lisboa	955,825	www.virtuleap.com
5	DECISION EYES	2019	Lisboa	170,000	www.decisioneyes.com
6	DELOX	2018	Lisboa	€496,379	www.delox.pt
7	CRIAM	2016	Braga	Undisclosed	www.criamtech.com
8	WISIFY	2018	Lisboa	102,863	www.wisifytech.com
9	NEROES	2019	Lisboa	Undisclosed	www.neroes.tech
10	FASTCOMPChem	2019	Castelo Branco	104,538	www.fastcompchem.pt

DATA SOURCE: INFORMA D&B

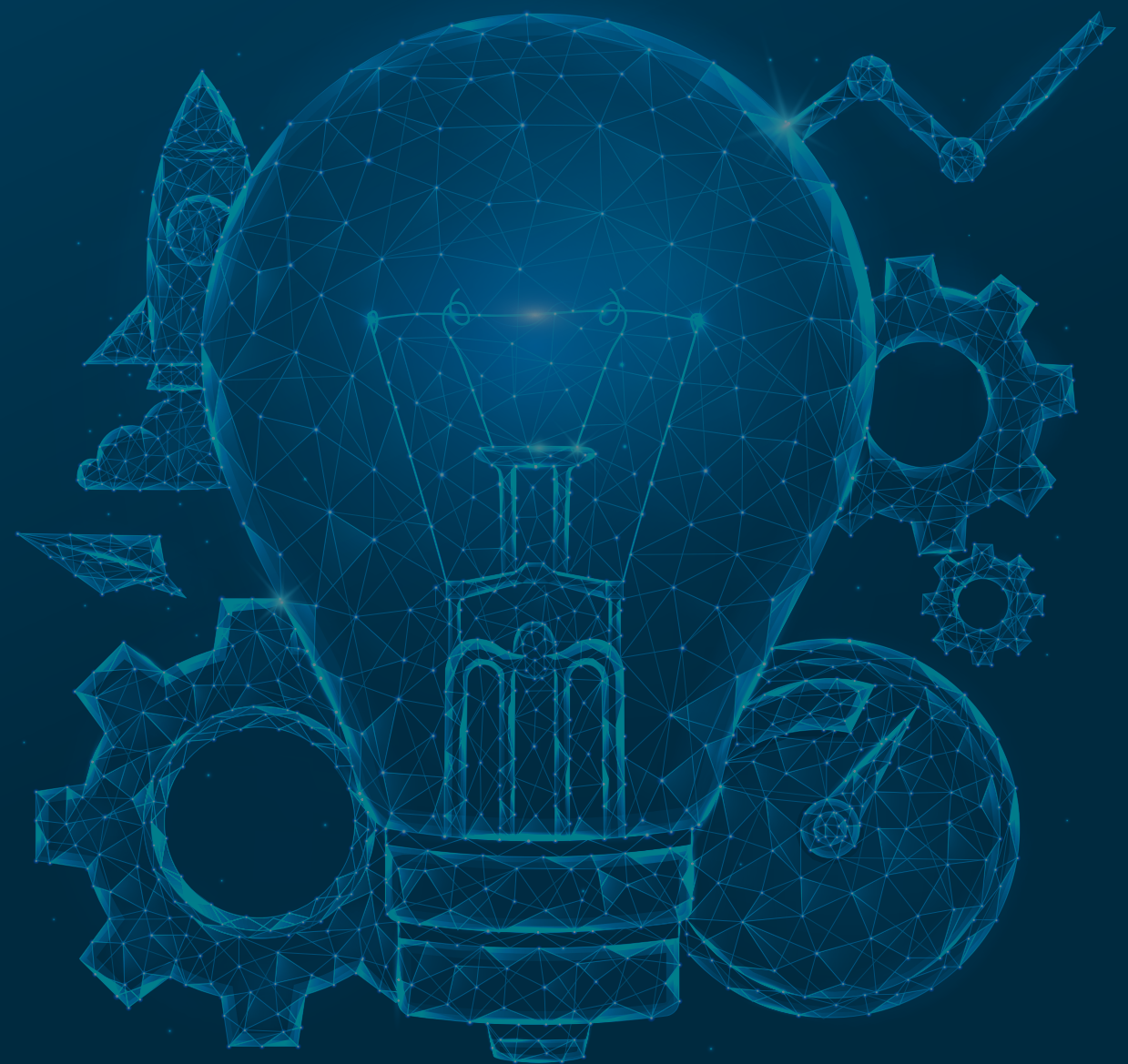
Table 4 shows the TOP 10 Portuguese scaleups in the MedTech and Health IT vertical for 2021. Only one of the scaleups on this list are featured on the TOP 25. The TOP 10 MedTech and Health IT scaleups have collectively raised €9,965,237 between 2016 and 2021.

Table 5: Top 10 CleanTech and Industry 4.0 Scaleups in Portugal (2016 - 2021)

Rank	NAME	LAUNCH DATE	CURRENT HQ	TOTAL FUNDING	WEBSITE
1	GO WITH FLOW	2019	Porto	4,708,60	www.gowithflow.io
2	TESSELO	2017	Lisboa	104,15	www.tesselo.com
3	GOPARITY	2017	Lisboa	921,544	www.goparity.com
4	LIVE ELECTRIC TOURS	2017	Lisboa	986,995	www.liveelectrictours.pt
5	INFINITE FOUNDRY	2015	Lisboa	482,383	www.infinitefoundry.com
6	BANDORA	2017	Lisboa	515,328	www.bandorasystems.com
7	CHEMITEK	2018	Braga	574,178	www.chemitek.pt
8	MEIGHT (FUELSAVE.IO)	2018	Evora	1,319,769	www.meight.com
9	3DWAYS	2016	Lisboa	Undisclosed	www.3dways.pt
10	BEON ENERGY	2015	Lisboa	Undisclosed	www.planetiers.com

DATA SOURCE: INFORMA D&B

Table 5 shows the TOP 10 Portuguese scaleups in the CleanTech and Industry 4.0 vertical for 2021. Only four of the scaleups on this list are featured on the TOP 25. The TOP 10 CleanTech and Industry 4.0 scaleups have collectively raised €9,612,959 between 2016 and 2021.



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HONOURABLE MENTIONS

Table 6: Top 25 Honourable Mentions (2011 - 2015)

NAME	LAUNCH DATE	CURRENT HQ	TOTAL FUNDING	WEBSITE
360IMPRIMIR	2014	Portugal	€ 21,252,000.00	www.bizay.co.uk
APTOIDE	2011	Portugal	€ 18,228,000.00	www.en.aptoide.com
BSIM THERAPEUTICS	2011	Portugal	€ 2,500,000.00	www.bsimtx.com
CODACY	2012	Portugal	€ 12,096,000.00	www.codacy.com
DEFINED CROWD	2015	United States	€ 53,424,000.00	www.definedcrowd.com
DREAMSHAPER	2013	Portugal	€ 2,000,000.00	www.dreamshaper.com
FEEDZAI	2011	United States	€ 65,100,000.00	www.feedzai.com
HOLE19	2011	Portugal	€ 3,600,000.00	www.hole19golf.com
JSCRAMBLER	2013	Portugal	€ 1,932,000.00	www.jscrambler.com
LANDING JOBS	2013	Portugal	€ 2,800,000.00	www.landing.jobs
OMNIFLOW	2012	Portugal	€ 3,500,000.00	www.omniflow.pt
PERCEIVE3D	2013	Portugal	€ 2,500,000.00	www.perceive3d.com
PETSYS ELECTRONICS	2013	Portugal	€ 965,000.00	www.petsyselectronics.com
PICADVANCED	2014	Portugal	€ 4,000,000.00	www.picadvanced.com
PRODSMART	2012	Portugal	€ 3,780,000.00	www.prodsmart.com
SAK PROJECT	2012	Portugal	Undisclosed	www.sakproject.com
SWORD HEALTH	2015	United States	€274,975,000	www.swordhealth.com
TALK DESK	2011	United States	€ 224,700,000.00	www.talkdesk.com
TTR	2011	Spain	€ 1,000,000.00	www.ttrecord.comen
UNBABEL	2013	Portugal	€ 76,608,000.00	www.unbabel.com
UNIPLACES	2011	United Kingdom	€ 24,360,000.00	www.uniplaces.com
VENIAM	2012	United States	€ 22,596,000.00	www.veniam.com
XHOCKWARE	2014	Portugal	€ 4,000,000.00	www.youbeep.com
ZAASK	2012	Portugal	€ 2,100,000.00	www.zaask.es

In this section, we highlight top companies that are of Portuguese origin older than 5 years but younger than 10 years. Scaleups featured on this list have contributed significantly to the Portuguese startup ecosystem (Table 6). The scaleups on the 2021 honourable mentions list have collectively raised €828,016,000 and features 2 unicorns (i.e. Talk Desk and Sword Health). The total number of unicorns in the Portuguese startup ecosystem as at 2021 is 6.



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OVERVIEW OF THE TOP 25

WHAT IS THE GENERAL PROFILE OF THE TOP 25?

The TOP 25 have raised a total of €195,050,423 between 2016 and 2021, and represents a 65% increase in money raised compared to the TOP 25 in 2020 (i.e. €117,818,347). Although we are slowly transitioning away from the pandemic, there surprisingly is only one Medical Devices and Health IT Scaleup featured on the TOP 25 in 2021 (i.e. Tonic App).

Fig 1: Scaleup Distribution by Vertical

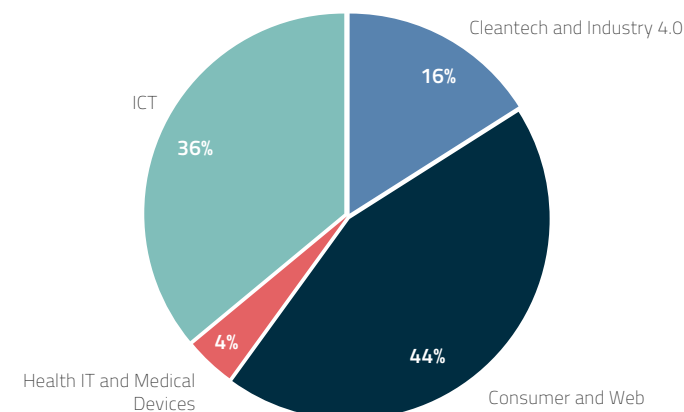


Fig 2: Scaleup Distribution by Business Model

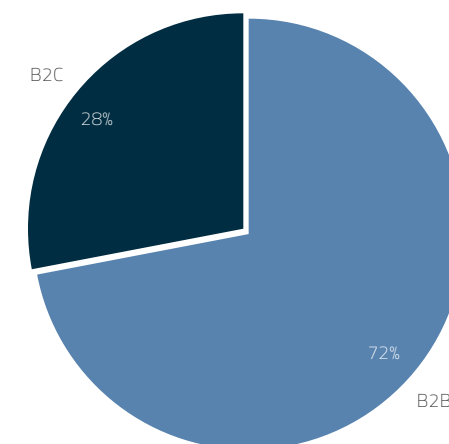


Fig 3: Scaleup Distribution by Revenue Model

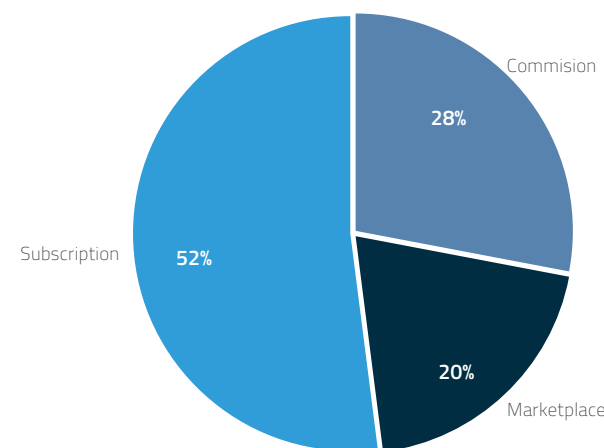
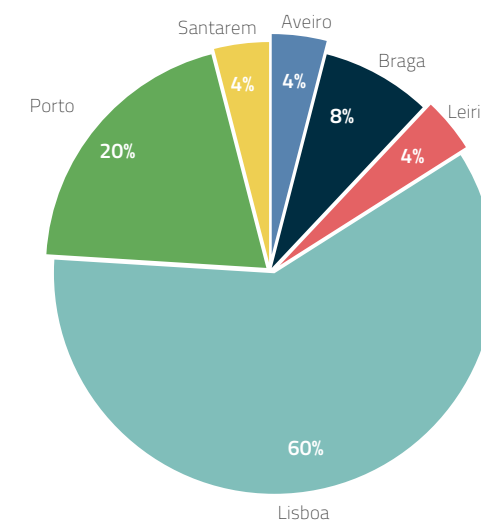
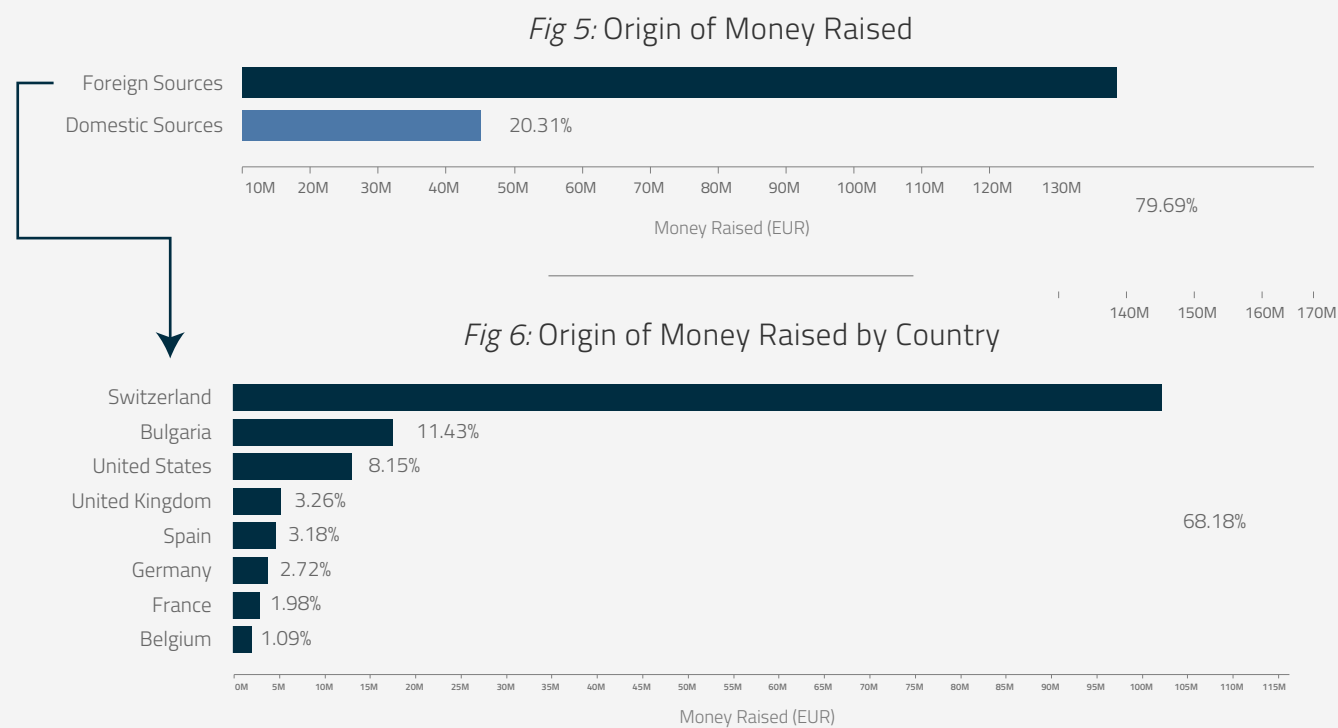


Fig 4: Scaleup Distribution by City

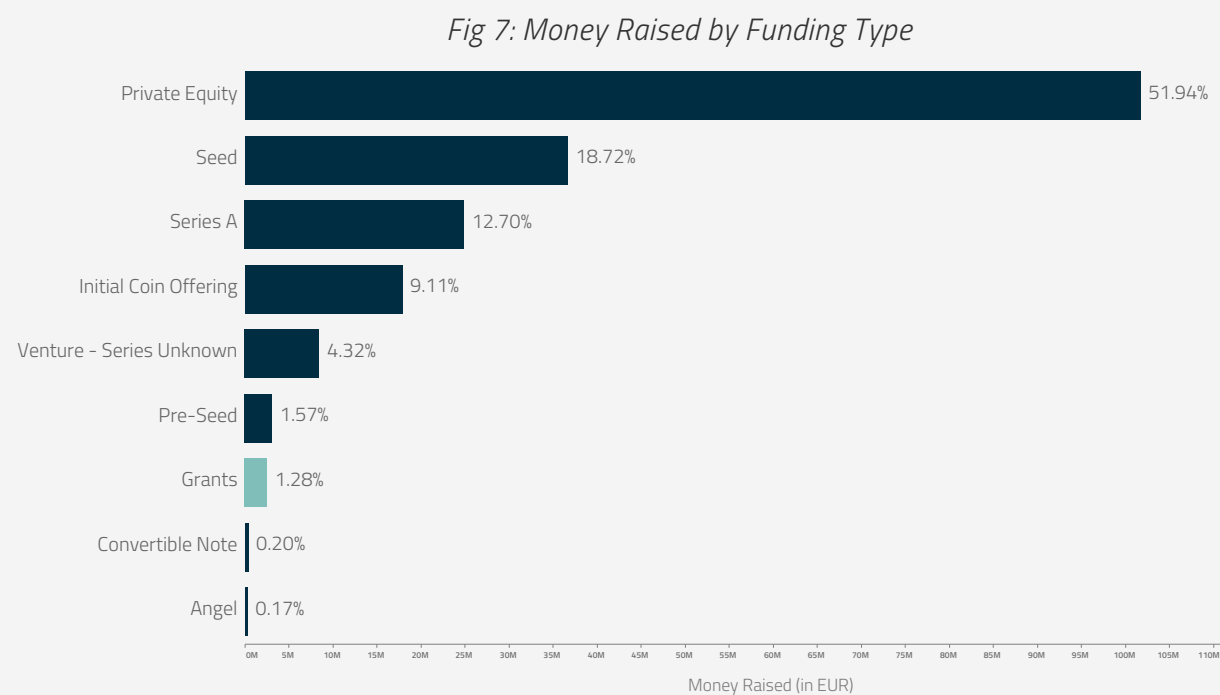


The B2B business model (72%) and Subscription revenue model (52%) (Thereby B2B SaaS) appears to be the sweet and dominant spot for the majority of the TOP 25 (Fig 2 & 3). In the last decade B2B SaaS models have increased in popularity for a variety of reasons such as; Relative ease of scalability, less costly to scale, flexibility and ability to predict costs and revenues. Majority of TOP 25 are based in Lisbon, as it has been for the last 5 years, with no indications that this observation might change in the nearest future (Fig 4).

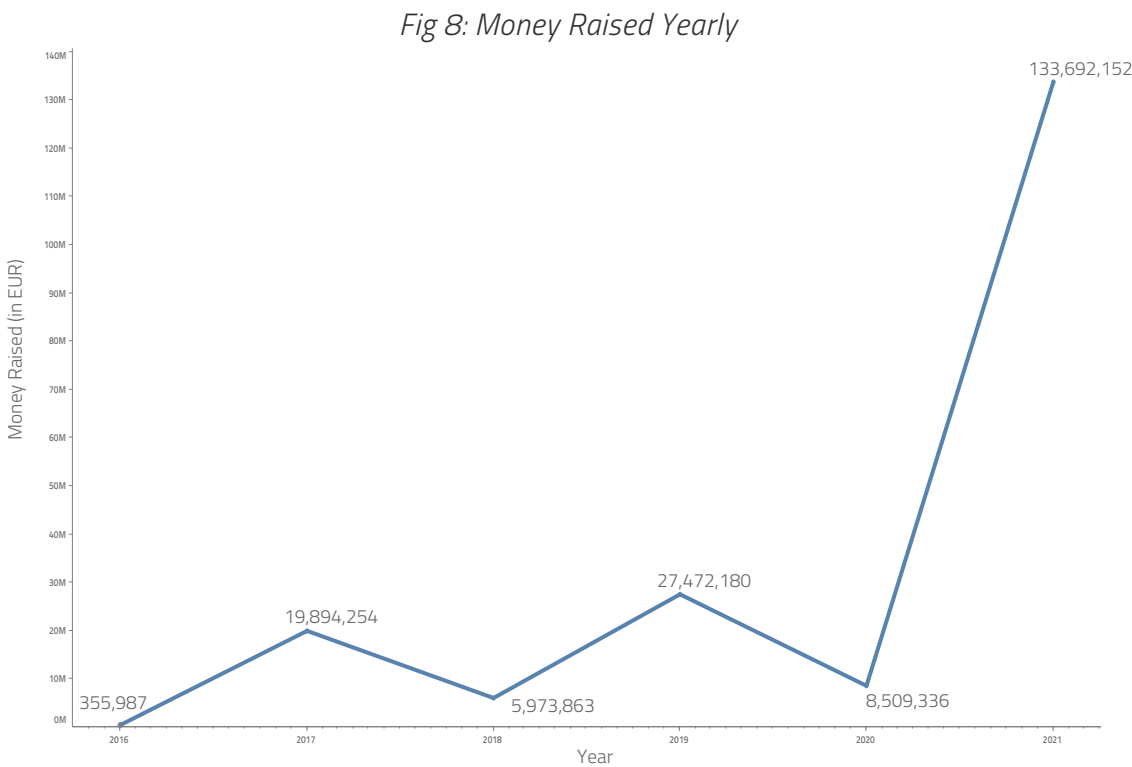
HOW DID THE TOP 25 RAISE MONEY, AND WHERE DID THEY GET IT FROM?



In the last 5 years of creating this report we have seen the gap between domestic and foreign sources of funding fluctuate, with foreign sources always dominating. For instance, there was a 75% gap in 2019, 49.26% gap in 2018, 19.2% gap in 2020 and 59.38% gap in 2021. However an important observation this year is that the funding contributions to the TOP 25 of investors from the United States is lesser this year than previous years. This is an outlier event, and there are no indications that the United States will not continue to be the largest foreign funding contributor to the TOP 25. It is also important to note that this observation differs from the overall macro overview of the Portuguese startup ecosystem (See Portugal Startup Outlook 2021 report)



The reliance on non-dilutive funding appears to be declining in the last 5 years. There is a smaller representation of non-dilutive funding (1.28%) in the TOP 25 (Fig 7) this year when compared to observations in our previous report editions. For example, the representation of non-dilutive funding in the TOP 25 in 2020, 2019 and 2018 was 2.62%, 4.96% and 10.98% respectively. Although this observation implies the growing maturity of the Portuguese investment landscape, this move could also represent a barrier in early stage financing, even though there was a very small increase in pre-seed (0.16 increase) and angel investing (0.04 increase) in 2021 from 2020.



Money raised appears to fluctuate between 2016 and 2021, with a steep increase in 2021. This observation varies from the typical upward increase observed in previous cohorts of the TOP 25. The steep increase in 2021 is as a result of the private equity investment in Casafari in 2021. The fluctuation is as a result of a couple of reasons, such as the slow incorporation of startups, transition away from non-dilutive funding and global events such as the COVID-19 pandemic.

HOW ARE THE TOP 25 PERFORMING?

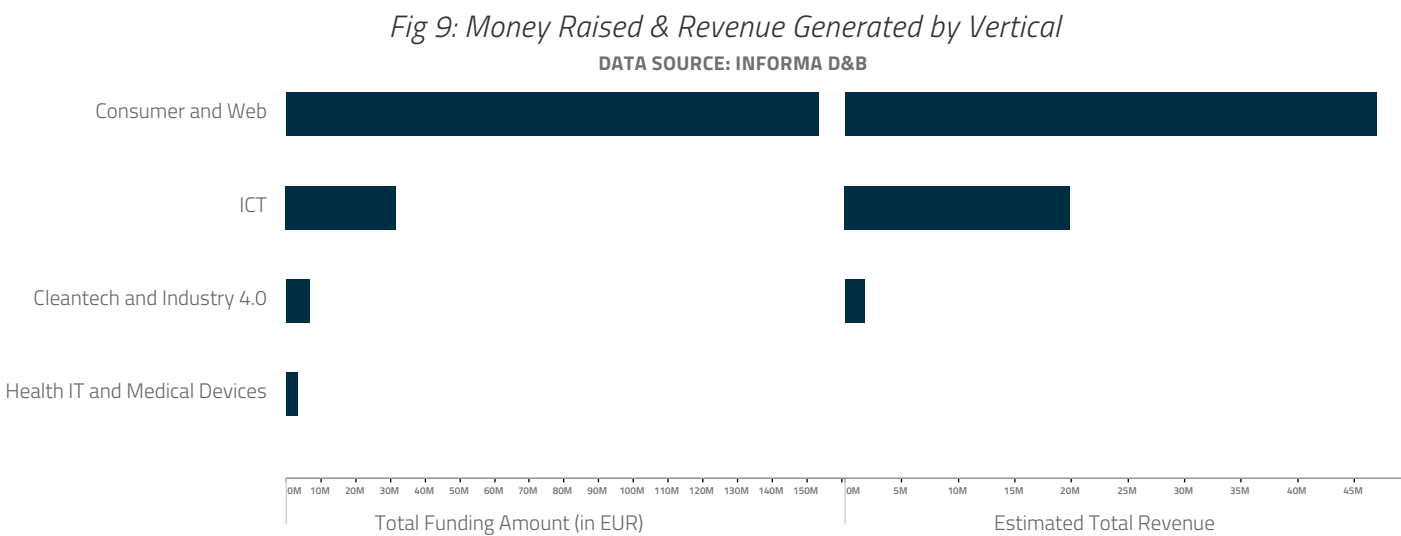


Fig 10: Money Raised & Revenue Generated by Business Model

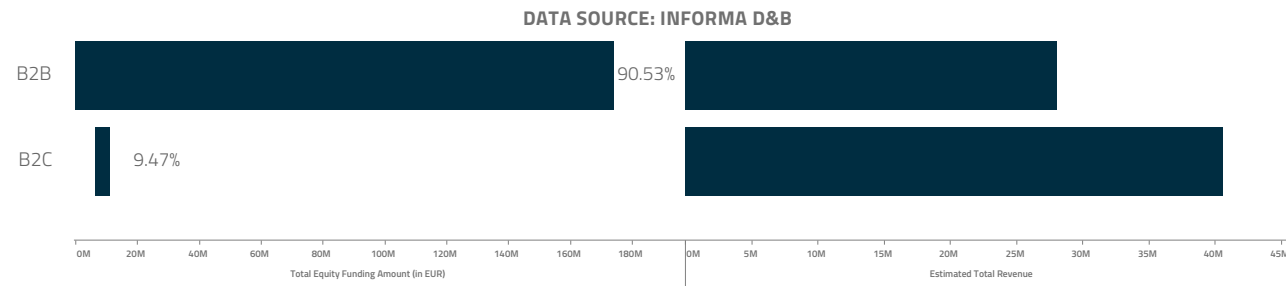
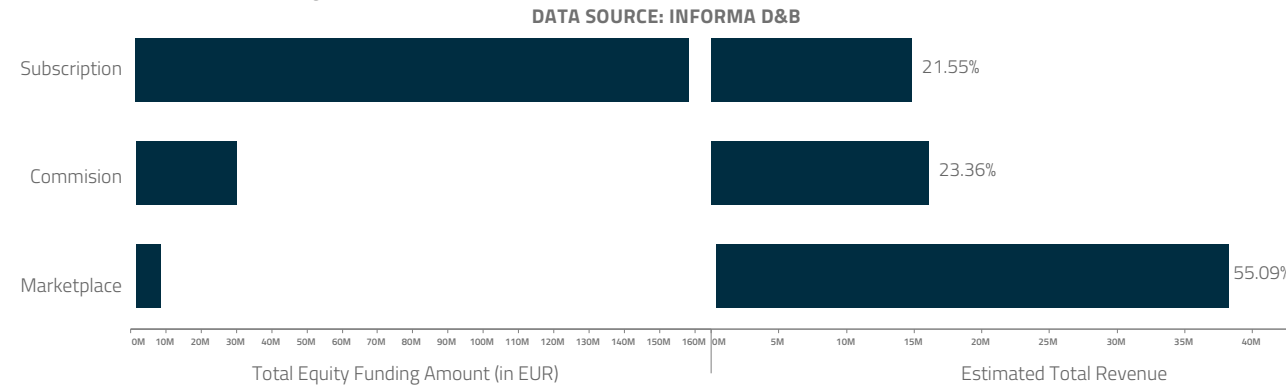


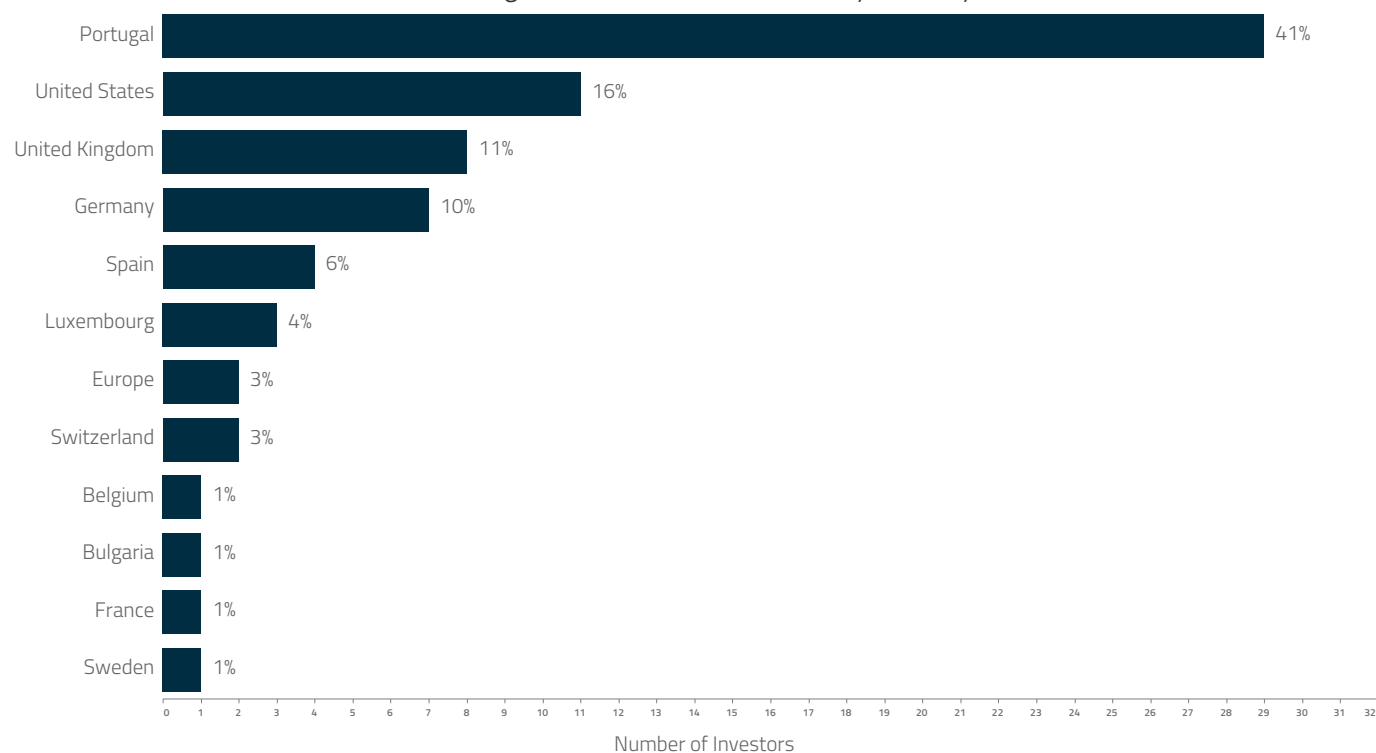
Fig 11: Money Raised & Revenue Generated by Revenue Model



In previous TOP 25 cohorts ICT used to be the dominant vertical in terms of money raised and revenues generated, however more recently the Consumer and Web vertical have come first in this regard (Fig 9). This trend is not exclusive to Portugal, companies such as Amazon have benefited greatly due to the pandemic. Similar to our observations in 2020, Scaleups with a B2B business model lead in terms of money raised (90%), while B2C scaleups lead in revenues generated (59.11%) (Fig 10). It is also not surprising to see that companies with subscription revenue models have raised the most money, given they make the majority of the 2021 TOP 25 cohort. Although B2B SaaS companies have attracted the majority of investments, companies with marketplace revenue models have generated the most revenues (55.09%) within the 2021 TOP 25 cohort (Figure 11). This observation is similar to the 2020 TOP 25 cohort

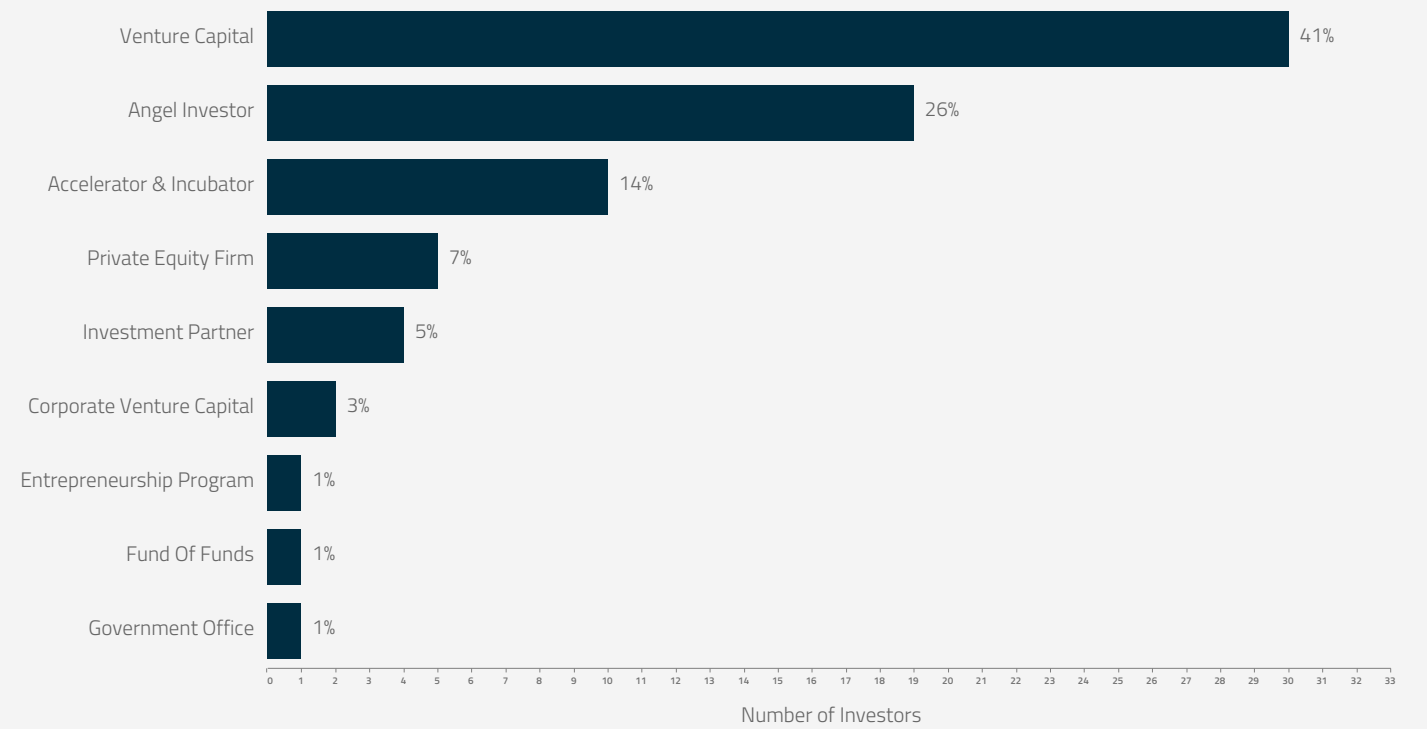
WHO INVESTED IN THE TOP 25, AND WHERE ARE THEY FROM?

Fig 12: Investor Distribution by Country



Portuguese investors (41%) represented the largest share of investors that invested in the TOP 25, followed by investors from other United States (16%) and United Kingdom (11%) (Fig 12). However the largest funding contributions in the 2021 cohort came from Switzerland (68%) (Fig 6).

Fig 13: Investor Distribution by Investor Type



Similar to observation in the 2020 TOP 25 cohort, the participation of Angel investors (26%) appears to be high, even though their funding contributions (0.17%) are insignificant (Fig 13). There appears to be a decline in the participation of Corporates (2.71% decline) and Fund of funds (0.43% decline) from the previous year, while participation of Accelerators and Incubators has increased by 1.14% (Fig 13).

WHO ARE THE PEOPLE BEHIND THE TOP 25?

Fig 14: Founder Distribution by Gender

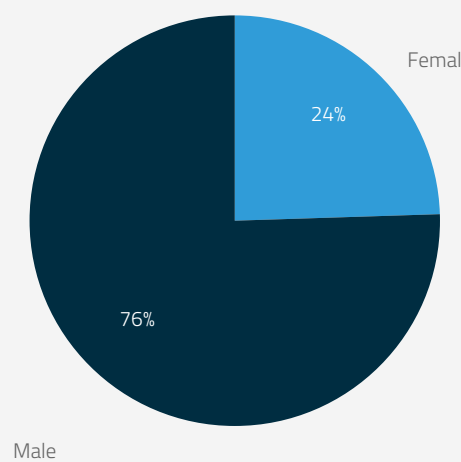
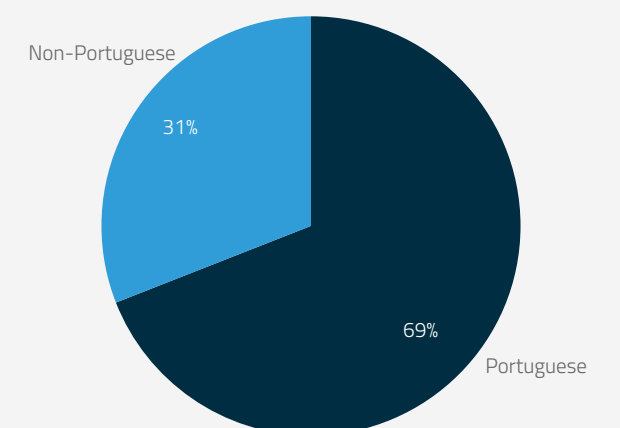


Fig 15: Founder Distribution by Nationality



There is a slight increase in female founder representation in 2021 (24%) compared to observations in our 2019 (9.68%) and 2020 (12.50%) report (Fig 14). Nonetheless the founder gender gap appears to be closing very slowly. There is a significant number of Non-Portuguese founders (31%) in the 2021 cohort, however this is lower than our observation in 2020 (41.67%) (Fig 15). Although the Portuguese startup ecosystem is welcoming to foreign founders due to a variety of government sponsored programs (e.g., Startup Visa program) there is still a wide gap in diversity that needs to be addressed (See more about diversity in the Portugal Startup Outlook 2021 report).



SUMMARY & FINAL REMARKS

The 2021 cohort of the TOP 25 is only a small representation of the Portuguese startup ecosystem but shows the growth potential of the ecosystem. The TOP 25 startups are less than 5 years old and have collectively raised €195,050,423, which implies an average of €7,802,016 per startup. These companies have also generated total estimated revenues of €68,706,032, which implies an average of €2,748,241 per startup. On the other hand the scaleups featured on our honourable mentions list (i.e. startups greater than 5 years but less than 10 years) have collectively raised €828,016,000. Some of the startups on the honourable mentioned list were previously featured on the TOP 25 list of previous editions and are now unicorns (e.g. Sword Health). These numbers and the observations detailed in this report tell us that Portuguese startups are doing well in regards to raising money, and attracting investors. This is especially true seeing that over 70% of money raised by the TOP 25 was raised from foreign sources. Moreover we see that key verticals such as ICT and Consumer & Web are significant contributors in relation to money raised and revenues generated. In spite of these relatively promising numbers there are alarming observations such as the presence of only one health and Medical startup featured in this year's cohort (especially in a pandemic period), as well as the wide gender diversity gap or the gap between early and late stage financing. Nonetheless, it is widely accepted that the Portuguese ecosystem is relatively young, and has a long way to go. The infancy of the ecosystem should thus be used as an advantage to address the critical challenges of the ecosystem. As many ecosystem mechanisms are relatively new, there is a huge opportunity to learn from more advanced ecosystems and ensure we don't replicate the obstacles of those matured ecosystems.

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FINAL REMARKS

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ANNEX

Methodology Continued

1.The ventures were ranked based on 5 factors: a. Total funding (TF)

- a.Total revenue generated (TR).
- b.Number of Employees (TE)
- c.Capital turnover ratio (CR)
- d.Time to Market

2.A standardised score (z-score) was first calculated for the chosen factors (i.e., TF, TR, TE & CR) for each startup. This z-score evaluates the distance from the mean using standard deviations and allows each of the startups to be compared with each other.

3.Weights were then assigned to each factor for each venture. The objective of the weighting process was to indicate the importance of each factor in the ranking. The importance of each factor was determined as a matter of practical relevance. Weights were determined using the Rank Sum Method. The weights when summed are equal to one. However, before weights were assigned to each factor (i.e., TF, TR, TE & CR), we took into consideration technology intensity or time to develop technology. We have proxied the latter by the time it takes to generate revenue alongside capital intensity (cash burn).

4.The weighting process was based on industry research, which led to some of our assumptions; we assumed that deep technology companies usually take longer to generate revenue because they generally have larger CAPEX values, in order to develop their technology and reach the market.

5.Given the period of our analysis (i.e., 5 years) we assumed the average time to develop technology to be 2 years after year of foundation. We also assumed that the time to develop technology was dependent on the vertical, i.e., some ventures in a vertical were more likely to generate revenue more quickly than others. Taking these assumptions into consideration we divided our sample into 2 categories. The 1st category included ventures that have been operational for 3 years or more. While the 2nd category included ventures that have been operational for 2 years or less.

a.In the first category, weights were only assigned to the TR z-score of startups who started generating significant revenue (US\$30k) in their 3rd year of operation. Ventures in this category who started generating significant revenue in years exceeding the third year received lesser weights. We essentially ignore the revenues generated in the first 2 years of operation for startups in this category.

b.In the 2nd category, weights were assigned only to the TR z-score of startups who generated significant revenue (US\$10k) in either the 1st or 2nd years of operation. For instance, ventures in this category who generated significant revenues in the 1st year received greater weights than those which started generating revenue in the subsequent year.

6.By following this process, we produced a score that takes into consideration year of operation and time to market which we term the “Time Weighted Revenue Score”.

7.We go further to assign final weights (step 3) to the “Time Weighted Revenue Score”, TF z-score, TE z-score, TR z-score and CR z-score, which we sum up to produce the rank score. In general, total capital received the largest weight followed by total revenue generated and capital turnover ratio and finally the number of employees.

8.We then ranked the startups based on the final rank score to determine the hierarchy of the Top 25 Portuguese scaleups. Following the above steps, we have the resulting algorithm:

a.[EQ 1] $WT \times (z\text{-score of Total revenue}) = \text{Time Weighted Revenue Score}$

b.[EQ 2] $W1 \times (\text{Time Weighted Revenue Score}) + W2 \times (z\text{-score of Total funding}) + W3 \times (z\text{-score of Capital turnover ratio}) + W4 \times (z\text{-score of Total number of Employees}) = \text{Rank Score}$

c.Given $W1 + W2 + W3 + W4 = 1$

9.All of the financial figures are reported in euros except otherwise stated. Some data (e.g. Total revenue) was deliberately not presented individually for confidentiality reasons, however, such data was used aggregately. The data on Total revenue and Capital raised was the sum of all total revenue and capital received from the foundation of each startup (i.e. from 2016 - 2021).



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