FOR STARTUPS

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"A startup is a company working to solve a problem where the solution is not obvious and success is not guaranteed"

Neil Blumenthal, co-founder and co-CEO of Warby Parker.

The idea of supporting startups in Europe is not new. There are thousands of initiatives, conferences, events, petitions, talks about why we need to support startups. And this is good, as long as the ones benefiting are the startups and the innovative thinkers instead of the conference-holding professionals.

In YEPP, we believe Europe should do more and talk less when it comes to solving real problems that startups face today. The reality is that the majority of innovative and successful startupers most often find their home in other places in the world.

Europe has talented people but not a talent-driven business attitude.

Europeans in majority say they are ready to take risks but government regulations are punishing risk-taking more than any other place in the world.

Europe's graduates and millennials are the best educated generation of all times but their knowledge does not give them enough confidence to start up something on their own.

If Europe can, then Europe must become the best place on earth to create a startup. Not because it's a good idea, **but because people and numbers say so:**

- According to research from the Boston Consulting Group, the Internet Economy in the developed markets of the G-20 is forecast to grow at an annual rate of **8%** over the next five years. In developing markets, annual growth is expected to be **18%**. These rates far outpace traditional economic sectors and the average growth rate of the European economy.

- According to Eurostat, **45%** of EU citizens claim that they would rather be self-employed while more than **50%** of EU citizens claim that, if the financial environment allows risk taking, they would be willing to start a new business.

- According to Google, **70%** of startups face a challenge in the availability of a clear and transparent legal framework, **68%** of entrepreneurs lack access to capital to start their business, **75%** of entrepreneurs face a major issue in the cost of real estate, and **77%** of startups face a major challenge in the availability and cost associated with hiring technical staff.

The aforementioned, along with other problems, led us to suggest this package of solutions and proposals on 6 key issues:

1. Starting up in the single market

From reducing the time and cost it takes to start up a business, to making it easier to run, sell and produce, legislators need to look at these challenges through the eyes of a startuper.

We call for:

- All EU Member States to comply with the criteria set by the Competitiveness Council on May 31st 2011 to converge their national legal framework pertaining to the reduction of startup time for enterprises to 3 days and the reduction of the respective cost to 100 euros. Infringement procedures should be launched against the ones that do not.

- The creation of a new cross-European corporate entity that is easily and quickly set up and can fully and legally operate across the Single Market.

- All certificates, permits, procedures, fees and taxation information should be available online on the European Commission's website, with all relevant documents and links for every Member State.

- The introduction of an "EU Startup Visa" for non-EU innovators to encourage them to create their startup in Europe, thus attracting the best global brains to the European startup ecosystem making non-EU labour migration easier in all Member States.

- European Banks to simplify their procedures for opening bank accounts for newly founded companies.

2. Funding, Fundraising, Financing

We want to open the way for capital to reach the best European startup ideas. We want to help startups overcome short-term financial obstacles while giving honest 'second-starters' another chance at success.

We call for:

- The creation of annual billion-euro strong loan funds for European startups *(corresponds to 0.7% of annual EU budget - less money than the youth guarantee programme)*. These loans should be offered directly by the European Investment Bank at a 0% rate to the 1.000 most innovative and promising startups annually. A loan up to the value of 1 million euro would be gradually given based on success benchmarks, patent registrations, job-creation and exports criteria.

- De-regulation of crowdfunding in all EU Member States so that it becomes available for local startups which have an innovative idea and a fresh business model

- Incentivising angel investors and VCs by offering tax breaks based on their level of investment in startups.

- Incentivising private companies to invest in startups by offering tax breaks based on their level of investment.

- A new European grant should be developed in order to help entrepreneurs to test and verify if their products are well designed and will succeed in the market.

3. The state as a responsible business partner

We want to eliminate the bureaucracy that is continuing to keep innovation lagging behind due to regulations, rules, processes and procedures. We want the government to focus on doing its job efficiently in order to help startupers in doing theirs.

We call for:

- The removal of any language barriers to foreign investors by providing data and accepting applications in English, in addition to the official language(s) of the member states.

- EU Member States to simplify their tax codes. Businesses should be taxed one time, at one rate and at one place. EU Member States to decrease or make taxes for small businesses more competitive.

- Exemption of social security contributions for the first operational year of a startup.

- The promotion of faster, out-of-court legal procedures (commonly referred to as "arbitrage") for solving financial disputes. Involvement of chambers of commerce in resolving extra-judicial disputes between startups.

- Foster the state members to create startup hubs by launching the European Capital for Startups initiative similar to the European Capital of Culture. The hosting city will create a one year programme of educational events, idea sharing platforms and a place to fundraise.

- The development of a single contact point for startup founders, for example by extending high school clusters.

4. Growing in Europe, expanding globally

Europe is falling behind global players who produce more, risk more, discover more and sell more. We want to champion the startupers who export their ideas, products and services and make entrepreneurship a catalyst for innovation and development in Europe.

We call for:

- The use of cohesion funds to strategically create startup hubs in at least one city per Member State, which fall under a network of European startup hubs. This will allow for economies of scale to arise along with a collection of specialised services catered to their needs, based on the successful model of Silicon Valley, CA.

- The Member States to step up measures for affordable Intellectual Property Rights through the adoption of a streamlined European Patent Law, increasing the incentive for profitable innovation.

- Intra-EU transactions to share a common clear pattern for invoicing, traditionally or online. This system would save cost and time, while decreasing tax-evasion.

- Completing free trade agreements with third countries so that European startups can access even more markets and export their world class services, putting Europe back on the map as a global net exporter.

- The EC to steadfastly implement high speed, high-bandwidth internet access throughout the European Union, as outlined in the Europe 2020 growth strategy

5. Educating for success

More than 60% of nine year olds in the EU are in schools which are still not digitally equipped. We want education to be connected to real life, it cannot be a parallel universe. The brain-drain generation is not coming back, we need to invest in the next one.

We call for:

- Introducing optional entrepreneurship courses and encouraging the creation of student enterprises in high schools and colleges across Europe so as to get European students familiar with the concept of founding a business.

- Set standards and create training opportunities for European teachers to be digitally confident and competent to rise to the changing challenges of the global market. Education needs to adapt to new content, new infrastructures and new methodology as by 2020 90% of jobs will need digital skills. It also needs to be steered tangibly towards a dual approach leading children and youths to embrace education not only for finding jobs, but also for creating one's own job through entrepreneurship geared education in practice.

- Working towards a mentality shift across Europe in terms of how we define success. Europe should champion its most successful entrepreneurs and promote them as role-models for the next generation.

- Member states to hold startup competitions and award grants and scholarships to the best-selling ideas and performers.

- Primary schools to hold simulation programmes that build-up the ability of taking initiatives, team-work, creative thinking and programming.

- Encouraging high schools and colleges to connect with startup based companies in order to create internships for students and bring guest lecturers to schools.

- The European Commission to demand from every member state a commitment to increase the rate of ICT practitioners coming from national high schools and universities by specific percentage determined by previous national performances.

- Support startup incubator infrastructures by promoting the link between university labs and private companies in order to collaborate regularly to develop new products and services.

6. Listening to the voice of startups

We want to reinforce the link between the people and businesses who make up the startup ecosystem and governments and the institutions. Promises of policy are not enough; administrations should be held accountable for failing to comply with proposed legislation.

We call for:

- Educating law-makers in Brussels and in national parliaments in what the startup community needs and how it can be helped to prosper.

- Government departments assigned with the startup portfolio to regularly consult with representatives from the startup community on specific reforms.

- The EC to support 'Startup weekends' in the member states, while institutionalising an annual "European Startup Weekend", where the 28 winning teams of the national events gather to compete and interact but also raise their voice to the European institutions.

- The startup communities to organise themselves in a representative way at the EU level for their proposals to be heard by relevant EU officials and legislators.