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Internship Report

GrowIN Portugal

Contribution of startups incubators and Government agencies to the advancement of the entrepreneurial ecosystem in Portugal



Faculty of Economics

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Internship Report made under the supervision of:

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Faculty of Economics

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2020

Internship Report

Work Authorship Declaration

I declare to be the author of this work, which is unique and unprecedented. Authors and works consulted are properly cited in the text and are in the listing of references included.

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.....

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Resumo

Por identificar, durante o meu período de mestrado, que um grande número de empresas com elevado potencial de crescimento não sobrevive aos primeiros anos, decidi focar-me na área de incubação de empresas e tentar responder à seguinte questão: qual o contributo das incubadoras para o avanço do ecossistema empreendedor em Portugal? Para responder a esta pergunta de investigação, comecei por analisar a iniciativa Portugal 2020, que é um programa de parceria entre União Europeia com o governo português estabelecido durante o período de 2014 a 2020, e perceber quais suas contribuições para a economia portuguesa no sentido da criação de empregos, principalmente para os jovens recém-formados, no fortalecimento das empresas que já existem e aquelas que estão iniciando. Do mesmo modo, foi também investigado o papel desempenhado pelas incubadoras e pelas diversas agências do governo na recuperação económica observada durante os últimos anos. No seguimento desta pesquisa bibliográfica, tive oportunidade de realizar um estágio na GrowIN Portugal, o que me ajudou a adquirir conhecimentos na área e despertou ainda mais o meu interesse pelo tema.

A GrowIN Portugal é uma empresa que oferece consultoria para startups não europeias que tenham interesse em estabelecer novos negócios no país. O meu trabalho consistiu inicialmente em desenvolver uma base de dados online contendo informações relevantes para empreendedores estrangeiros interessados em abrir empresa em Portugal. A segunda parte do estágio foi composta por uma pesquisa intensiva de empresas no mercado de startups do Brasil, que apresentassem características e perfil com potencial para uma possível internacionalização. Os critérios utilizados para contactar os clientes foram: o crescimento da empresa ao longo dos últimos anos, a recepção de investimento de outras empresas, destaques em premiações nacionais ou internacionais e interesse por participar em conferências de empreendedorismo /inovação. Por último, a terceira componente do estágio consistiu em contactar as empresas selecionadas com base nestes critérios para apresentar os serviços prestados pela GrowIN e inquirir à cerca de um eventual interesse de estabelecerem no mercado Europeu. No total, foram contactadas 30 empresas

abrangendo áreas diversas, incluindo: tecnologia, fitness, sustentabilidade, etc. Após diversas reuniões, 4 empresas demonstraram interesse em aderir aos planos de incorporação oferecidos pela GrowIN Portugal.

O trabalho está organizado em 6 capítulos. No capítulo 1 é realizada uma revisão bibliográfica sobre empreendedorismo, capital de risco, investidores anjo e o programa Portugal 2020, focando principalmente nos incentivos direcionados para startups e incubadoras. No capítulo 1, é detalhado o papel das incubadoras, os fatores de sucesso que são cruciais para o bom desenvolvimento das startups e o papel das agências do governo. No capítulo 2, descrevo a identidade e estrutura da GrowIN Portugal e especifico algumas das suas contribuições na área de incubação de startups. De seguida, no capítulo 3, apresento detalhadamente a metodologia utilizada durante os 3 meses de estágio. Por último, nos capítulos 4 e 5 apresento os principais resultados obtidos, faço uma análise crítica dos assuntos abordados ao longo do trabalho, com base na minha experiência de estágio, pesquisa sobre o Portugal 2020 e em relatórios oficiais, discutindo a importância das iniciativas portuguesas direcionadas para o empreendedorismo e qual a sua contribuição para a evolução deste ecossistema em Portugal. Finalmente no capítulo 6, são dadas as considerações finais sobre meu estágio, sobre o Portugal 2020 e alguns pontos onde eu destaco melhorias a serem implementadas.

Concluiu-se que, devido aos incentivos do Portugal 2020, nomeadamente os abrangidos pelo programa StartUp Portugal que incidiram no apoio à criação de novas empresas, houve um aumento substancial do registo de startups, o que contribuiu para a fomentação do mercado empreendedor em Portugal de uma forma sem precedentes. Por conseguinte, o número de incubadoras também cresceu, e o seu papel tornou-se ainda mais relevante no panorama atual. A incubação de empresas é, sem dúvida, um elemento crucial para uma economia sustentável no mundo globalizado em que vivemos, onde os números de desemprego e elevada competitividade internacional dificultam a sobrevivência de pequenas e médias empresas.

Palavras-chave: Portugal 2020; Incentivos; Financiamento; Startups; Incubadoras

Abstract

The present report was written as part of the Master's Degree in Tourism Management offered by the Faculty of Economics of the University of Algarve and its content is a result of a curricular internship carried out at Startups Incubator, the GrowIN Portugal. After realizing, during my academic career, that a large number of promising companies do not survive the first 5 years, I decided to deepen my studies in the area of business incubation and tried to better understand its contribution for the entrepreneurial ecosystem in Portugal, taking into account incubators' limits and capabilities.

In order to answer this question, I carried out a literature review on these topics and introduce, in the first chapter, some of the main concepts related with entrepreneurship and its potential financing sources. Furthermore, I provide an overview of the Portugal 2020 program, a partnership agreement between the European Union and the Portuguese government, especially focusing the incentives made available for startups and incubators. In chapter 1, I provide further details about startup incubators and government agencies and their contribution to the entrepreneurship environment. In chapter 2, I introduce GrowIN Portugal, the company where I carried out my internship for a 3-month period, presenting its identity and main objectives and describing some of its contributions in the business incubation field. In chapter 3, I offer a more detailed overview of the tasks carried out during the internship and the methodology that was applied. In chapters 4 and 5, I present the main results obtained, I review and discuss all the topics addressed based on my experience during the internship and on multiple statistics provided by official reports, in an attempt of answering the research question and evaluating the actual effectiveness of the created initiatives in fomenting the entrepreneurship ecosystem in Portugal. Finally, in the chapter 6 we get together the final remarks about the internship, Portugal 2020 and some suggestions for improvements are presented.

It was concluded that, due to the incentives made available through Portugal 2020, the number of startups in Portugal grew substantially, which fostered the entrepreneurial market in Portugal in an unprecedented way. Consequently, the number of incubators also increased and their role became

even more important in the present context. The incubation of startups is, without a doubt, a key element for a sustainable economy within a globalized world, where unemployment and international competitiveness make it increasingly challenging to small and medium companies to thrive.

Keywords: Portugal 2020; Incentives; Financing; Startups; Incubators

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Abbreviation list

| | |
|--------|--|
| AICEP | Trade & Investment Agency |
| ANJE | National Association of Young Entrepreneurs |
| ANJE | National Association for Young Entrepreneurs |
| APCRI | Portuguese Venture Capital Association |
| API | Portuguese Investment Agency |
| BA | Business Angels |
| BIC | Business incubator Centre |
| CF | Cohesion Fund |
| EAFRD | European Agricultural Fund for Rural Development |
| EIF | European Investment Fund |
| EMFF | European Maritime and Fisheries Fund |
| ERDF | European Regional Development Fund |
| ESF | European Social Fund |
| EU | European Union |
| FNABA | National Federation of Associations for Business Angel |
| GDP | Gross Domestic Product |
| I&D | Investigation and Development |
| I&I | Investigation and Innovation |
| I&TD | Investigation and Technology Development |
| IAPMEI | Agency for competitiveness and Innovation |
| ICEP | Portuguese Foreign Trade Institute |
| INE | National Statistics Institute |
| IS | Incentive Systems |
| NBIA | National Business Incubation Association |
| NIF | Tax identification number |
| OCDE | Organization for Economic Cooperation and Development |
| PO | Operational Program |
| PT2020 | Portugal 2020 |
| R&D | Research and Development |
| RNI | National Incubators Network |
| SaaS | Software as a Service |
| SEP | Startup Europe Partnership |
| SME | Small and Medium-Sized enterprises |
| UKBI | UK Business Incubator |
| VC | Venture Capital |

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1. Introduction

This report was organised as an integral part of the Master in Tourism Management at the Faculty of Economics of the University of Algarve, and its content is the result of a curricular internship held at GrowIN Portugal. First, I carried out a literature review to provide an overall perspective of the business incubators' world and contextualize all the information compiled.

This introduction is structured in 7 main subchapters, including entrepreneurship, financing sources (including both private and public bodies), European initiatives such as Horizon 2020 and Portugal 2020, incubators and governmental agencies.

The overall objective of the present internship is to apply this knowledge on a real, professional context and, therefore, to evaluate the effective contribution of the initiatives and efforts that have been put forward to foment the entrepreneurial ecosystem in Portugal. By compiling some of this information on an online knowledge database and conducting prospective searches for foreign startups potentially interested in expanding their businesses to Portugal, I seek to contact and liaise with entrepreneurs and better understand their setbacks in accessing the Portuguese economic market.

1.1. Entrepreneurship

Even though many different definitions exist in economics literature, entrepreneurship can be broadly defined as innovative behaviour to design, develop and launch new business opportunities, in an attempt to create value (Abu-Saifan, 2012). The entrepreneur is considered to be an innovator or developer who recognises and seizes the opportunities; converts those opportunities into workable/marketable ideas and adds value through time. They are also typically characterized by possessing capabilities such as managements skills, opportunistic behaviour, a desire for autonomy and confidence and an ability to learn from mistakes (Kuratko, 2016). According to Schumpeter (1934),

an entrepreneur can be defined as an "individual who exploits market opportunity through technical and/or organizational innovation".

Entrepreneurship has been of great importance over the last few years, especially in Portugal, where it became an essential tool for the economy and its community. Indeed, small and medium companies are presently generating more jobs and business income than the large companies. Indeed, In Europe, the main economic engine is comprised by Small and Medium Enterprises (SMEs), which is also reflected in the Portuguese economic structure, where they represent 99.7% of companies in the non-financial sector (INE - Instituto Nacional de Estatística, 2012). SMEs are at the core of our economy, operating between regions with different activity sectors and generating local income.

For these reasons, startups have been a key employment source in Portugal; being responsible for up to 18% employment created annually in the country, between 2007 and 2015 (Informa D&B, 2016), and accounting for approximately 1.1% increase in GDP from 2016 to 2018 (Barbosa, 2019) Consequently, entrepreneurs have been gaining increasing importance and visibility.

Although entrepreneurship is a big step towards sustained economic growth and greater global prosperity, most people choose to become an entrepreneur as a mean for personal satisfaction (freedom, independence and challenge), as well as due to material motivations (money and social status). However, the conservative way of thinking of many societies, the portuguese included, makes it more challenging to pursue such endeavours, with many people preferring to get formal jobs than to be self-employed, wasting potential talent and creativity. Fortunately, this paradigm has been changing over the past few years.

Indeed, entrepreneurship has been receiving a lot of emphasis not only in Portugal, but also in many other countries. Indeed, it gradually started to be considered as an independent field of study, instead of only being thought as part of other study areas, such as strategic management or organizational behaviour.

“As a result of independence of the field as itself, The Entrepreneurship Division of Management grew four times faster than the broader Academy from 2012 to 2016, more than 80 universities around the world now offer doctoral training in entrepreneurship and the overlap between entrepreneurship and adjacent fields has diminished significantly, as entrepreneurship has developed its own scholarly conversations and journals”

(McMullen, 2019)

1.2. Sources of Financial Capital

Although their relevance in present economic scenarios has been increasing, entrepreneurs still face many challenges, as guaranteeing early financing for their companies. These external investments may be of paramount importance during initial phases and can come from either public or private sources. While public sources encompass governmental programs and initiatives, private financing might come from business angels, venture capitals, banks, etc. It is important, therefore, to understand not only the various sources of entrepreneurial capital (see Fig. 1), but also their requisites and binding obligations. Multiple factors must be considered to determine which financing instrument is the most suitable for each company, including its development stage and the capital risk. The following topics address some of the more common financing sources.

1.2.1. Private Funding - Business Angels

The definition of business Angels (BA) is given by several authors, yet, in this work I will adopt the definition provided by Francisco Banha, the director of the National Federation of Business Angels Association in Portugal. Business angels, or venture capital investors, are, according to Banha (2000): "individual capitalists who cover the financing needs to which institutional venture capital funds do not respond, namely seed capital and startups projects", representing an alternative to the medium and long-term financing of Portuguese companies. A Business Angel (BA) is, therefore, an individual investor who invests a small part of its fortune or savings in projects led by entrepreneurs.

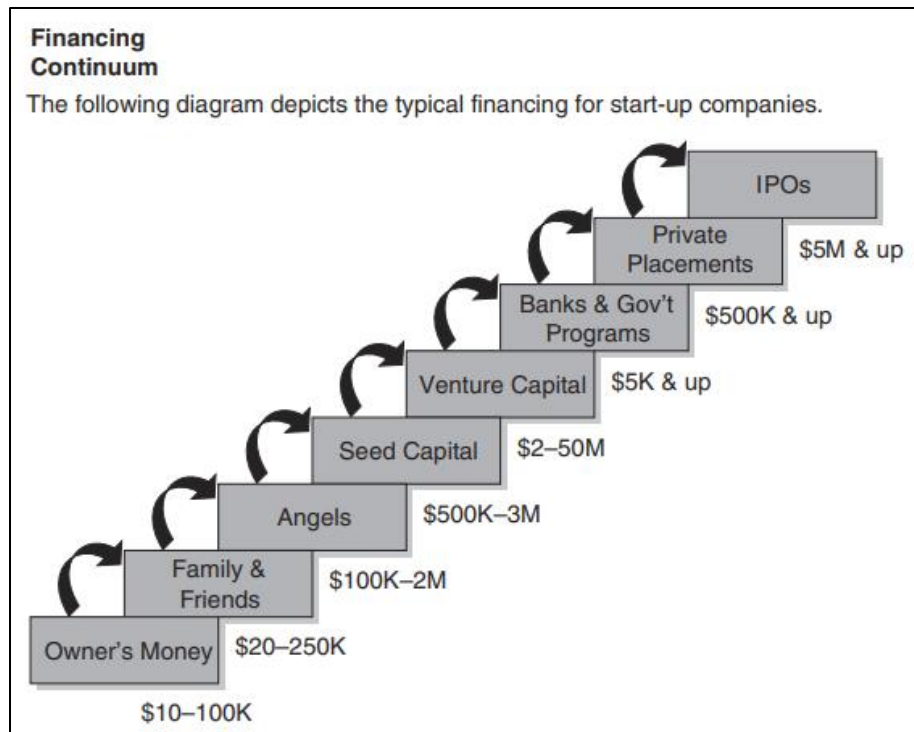


Figure 1. Summary of the typical financing path of startup companies. Source: Successful Angel Investing, Indiana Venture Centre, March 2008 as in Kuratko (2016).

In Portugal, BA associations are coordinated by FNABA (Portuguese Federation of Business Angel Associations). This is a non-profit, federated structure whose mission is to bring together entrepreneurs and Business Angels in the implementation of new business projects, thus facilitating the processes of raising capital. Each association brings together investors from its region and provides proper accreditation that supports the realization of business investments.

BAs typically invest in technology-based startups with accelerated growth potential, in the Pre-seed, Seed or Early-Stage phases. This investment thus translates into an injection of capital into the firm in return for a position in the company's share capital. Moreover, in addition to the money they contribute, they get involved in the projects they invest in by providing their expertise, knowledge, and contact networks with the objective of developing innovation, growth and internationalization strategies. Different from venture capital or a project in which an application must be made with rigid and well-defined analytical phases,

investments through BAs is, instead, a process of winning over a private investor, with whom companies negotiate and discuss conditions and terms. After the terms are agreed between all parties (both investor and entrepreneurs), the BA makes the investment. Ultimately, their objective is to enhance the companies in which they invest in order to posteriorly pass their holdings to other private investors or larger investment funds, with considerable added value and profit (FNABA, 2015). According to EBAN, the pan-European organisation for the early-stage investor community, there are approximately 474 active business angel networks and 615 individual business angels in Portugal. Furthermore, in Europe, the investment per funding round is at an average of 22.500 €, ranging from 10.000 to 500.000 € (Losso et al., 2018). Although Portugal is relatively well positioned within the European context in terms of BA investments, the total amount awarded per year decreased between 2014 to 2016 (Fig. 2).

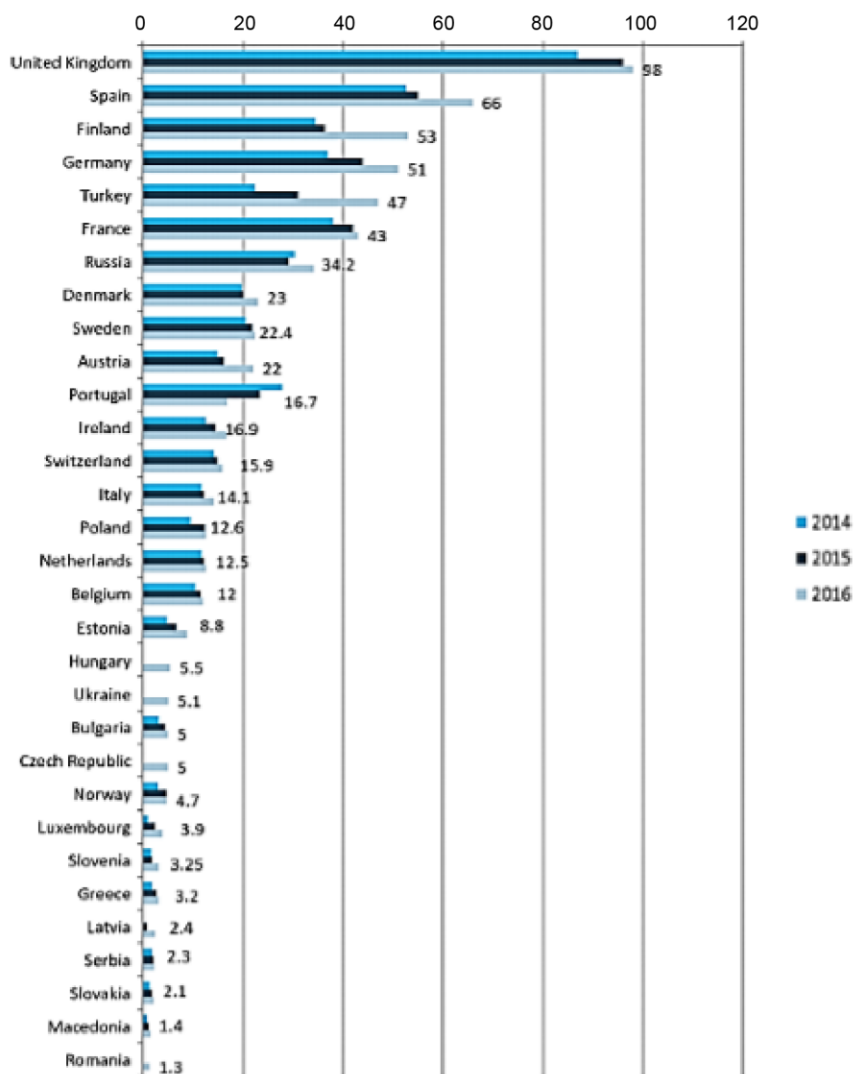


Figure 2. Business Angel investments by country, 2014-2016. Adapted from Losso et al. (2018).

1.2.2. Private Funding - Venture Capital

Venture capital (VC) is a form of investment with the objective of financing companies that are still growing, based on an endowment of assets necessary for the exercise of their activity in exchange of a temporary participation of the investors in their capital. "Venture capitalists are a valuable and powerful source of equity funding for new ventures. These experienced professionals provide a full range of financial services for new or growing ventures (Kuratko, 2016)". The different stages of Venture Investing are:

- Seed Financing: Is the initial investment, when the company is still in the project/development phase. With this first round of investment the company will be able to sustain itself until it achieves its own financing.
- Startup Financing: Investment during the following stages, when the company is creating its business groups, the product is starting to be developed, but the sales are still low and not generating profit.
- Early-Stage Financing: Second round of investment, after the first funding is expended, to allow the company to expand its commercial and manufacturing capabilities.
- Expansion Financing: Investment provided when the companies are already thriving and achieving good performances. These funds may be used to product development and/or to provide additional working capital.

"This financing instrument does not have any underlying payment of financial charges, nor any counterpart in the form of real or personal guarantees for entrepreneurs, being the profitability of investors based on the probability of success of the investee company."

(Landström, 2007)

Portuguese Venture Capital Association

In Portugal the Venture Capital industry is represented by APCRI (Portuguese Venture Capital Association). APCRI has among its main objectives: to defend the general interests of the associates with governmental, economic, financial and social organizations and to take an active role and promote the formation of alliances between national and foreign venture capital entities. By bringing together multiple organizations, it fosters joint investments and contributes to disseminate quantitative data regarding the activities of associates and both national and international venture capital markets, stimulating the analysis and study of their activity.

Indico Capital

Some of the largest Venture Capital funds in Portugal belong to the company Indico Capital Partners. The company, based in Lisbon, was the first private Venture Capital that created a fund especially focused on investing in the initial phases of technological startups. Its investments are mostly directed to companies operating in areas such as: SaaS (Software as a Service), B2B (Business-to-Business), B2C (Business-to-Customer), artificial intelligence, fintech (i.e., financial technology), cybersecurity, marketplaces, and digital platforms. The fund, estimated in approximately 54 million euros (Stephan Morais, 2019) comes from investors from twelve different countries, with the European Investment Fund (EIF) being Indico's principal investor.

In 2020, the company launched the “Indico Accelerator Powered by Google for Startups” program, in partnership with Google. During each year between 6 and 10 companies will be selected to receive 100 thousand euros. The Acceleration program runs for 6 months and consists in a series of lectures and technical advice from founders of internationally successful technology companies, in addition to providing access to all the know-how and contact network offered by Google.

These types of initiatives, such as the creation of a fund exclusively for investments in startups, without support from any Government Agencies, demonstrates an increasing maturity by the Portuguese business class and may generate many benefits on the long run for the Portuguese economy.

Portugal Ventures

Portugal Ventures was created in 2012, resulting from the fusion of three of the most representative VC Companies in Portugal - AICEP Capital, InovCapital, and Turismo Capital. It is responsible for public VC investments, offering the following benefits to their costumers: networking with investors and partners, know-how in business monitoring, access to an experts' team in investment management and help in creating market value for the company. A summary of its investment strategy can be consulted in Table 1.

“Portugal Ventures emerged with the ambition to boost the global success of Portuguese companies, leading them to achieve competitiveness goals in all phases of their business development.”

(Portugal Ventures, 2019)

Table 1. Summary of Portugal Ventures’ Investment Strategy (Portugal Ventures, 2019).

| Portugal Ventures Investment Strategy | |
|---------------------------------------|--|
| Areas of Investments | <ul style="list-style-type: none"> • Digital & Technology • Engineering & Manufacturing • Life Sciences • Tourism |
| Types of Investments | <ul style="list-style-type: none"> • Investments intended for companies in the “early” or “seed” phase. • Tickets from € 300.000 to € 1.500 according to sector and stage • Charter co-investment with national and international partners • Time-by-time investments according to milestones compliance • Minority stake in the company’s shareholder structure • Participation in the company’s Board of Directors |
| Enrolment Process | <ul style="list-style-type: none"> • After online submission, applications are analysed within 15 working days • If the analysis by the Portugal Ventures team is positive, startups pitch national and international experts and receive their recommendations • After a detailed and proposed assessment by the investment team, startups pitch to the Board of Directors • Investment structure and term-sheet proposal up to 90 days after the application • Contract drafting. |

1.3. Horizon 2020

According to the 2014 Annual Report (Governo de Portugal, 2014), after a period of generalized slowdown in global economic growth, the European economy showed some signs of recovery, albeit insufficient, to counteract the slow, oscillating growth trend. The growth of strong economies stabilized in the first half of 2013, while economic activity in emerging economies slowed down. During the second half, there was a gradual recovery in advanced economies, with the growth pace consolidating in most economies (European Central Bank, 2015). Consequently, in order to further stimulate economy, European leaders launched Horizon 2020, the European Union's research and innovation program. Approximately 77 billion euros were allocated to lead Europe to further technological advances, discoveries and innovations, helping to transfer original ideas from the labs to the market. The program was politically supported by the European leaders and the members of the European Parliament and was based on three main pillars: scientific excellence, industrial leadership, and societal challenges. Its main objective was to ensure that Europe produced cutting-edge science and technology in order to sustain its economic growth (Comissão Europeia, 2015).

This EU investment is channelled through 5 main structural and investment funds (ESIF):

- European Regional Development Fund (ERDF);
- European Social Fund (ESF);
- Cohesion Fund (CF);
- European Agricultural Fund for Rural Development (EAFRD);
- European Maritime Affairs and Fisheries Fund (EMFF).

ERDF – Is one of the main financial instruments and aims to reduce the imbalances between the levels of development of European regions and to support the growth of less favoured regions.

ESF - Aims to promote better job opportunities, reinforce social inclusion, fight against poverty, promote education and support active, comprehensive and sustainable integration policies thus contributing to economic, social and territorial cohesion.

CF - Intends to support actions in fields related to energy or transport, namely treat and reinforce the efficiency of energy networks (mainly renewable energies), and to develop rail transport, inland and maritime waterways, intermodal systems, road management, etc.

EAFRD - Contributes to the realization of the Europe 2020 strategy by promoting sustainable rural development across the Union, together with other instruments of the common agricultural policy, the cohesion policy and the common fisheries policy.

EMFF - This fund is intended to support coastal communities in the diversification of their economies, encouraging fishermen to adopt sustainable fishing practices, generating employment and promoting better quality of life for coastal populations.

1.4. Portugal 2020

According to the Portuguese Ministry of Finance, in 2013 the Portuguese economy continued to adjust to the macroeconomic imbalances accumulated over the past decades. This process implied the adoption of a set of fiscal consolidation measures and a slowdown of the private sector, which led to a substantial contraction in domestic demand (Banco de Portugal, 2014).

It's in this context that the Partnership Agreement 2014-2020, entitled "Portugal 2020" emerges as the strategy of Portugal for the EU funds during the period between 2014 and 2020, to structure interventions, investments, and priorities fundamental to promote financing and an inclusive, sustainable growth (Governo de Portugal, 2014). The program emerged in place of the old national strategy program QREN (2007-2013), which was the largest project supporting and co-financing research and innovation in Portugal. The partnership between the EU commission and Portugal has raised an amount of over 25 billion from

2014 to 2020, according to data from a report of the Commission of the European Union (Governo de Portugal, 2014). The agreement dated from 1 January 2014 to 31 December 2020, defines “Portugal 2020” as a:

"Partnership Agreement adopted between Portugal and the European Commission, in which the programming principles and priorities for the economic, social and territorial development policy in Portugal between 2014 and 2020 are established. These programming principles are in line with the preferences defined in the Europe 2020 Strategy (Smart, Sustainable and Inclusive Growth), with the Council's Recommendations to Portugal under the European Semester and with the priorities present in the National Reform Program defined by the Portuguese Government."

(Governo de Portugal, 2014)

Within this context, and after analysing the different sources of financing available to Portuguese companies, we describe in Table 2 the program’s principles, based on four intervention priorities.

Table 2. Portugal 2020 intervention priorities (Governo de Portugal, 2014).

| | |
|--|---|
| Competitiveness and Internationalization | This thematic area aims to create wealth and jobs by improving the competitiveness of companies and their internationalization, as well as strengthening research, technological development, and innovation. |
| Social inclusion and employment | Representing around 17% of community support, it aims to promote the quality of employment and to support mobility. Besides, it proposes to promote social inclusion and combat poverty and discrimination, improving access to work for young people and the most vulnerable groups, as well as improving access to health and social services and helping reintegration into the labour market. |
| Sustainability and Efficiency in the Use of Resources | It is the 2nd thematic area in terms of concentration of funds (approximately 25% of the total) and aims to support the transition to a low carbon economy, financing the use of renewables, energy efficiency and smart grids. Furthermore, it promotes adaptation to climate change and supports conservation actions. |
| Human capital | This thematic objective gathers about 17% of community support and aims to promote educational success, combat school dropout and strengthen the qualification of young people, as well as to achieve a higher education quality and advanced training. |

With the objective of promoting smart, sustainable and inclusive development in the country, Portugal 2020 structures investments, interventions and funding priorities that are fundamental to meet all proposed challenges and goals. For a sustainable recovery of the economy, according to Vasconcelos (2011), more investments and support in the fields of innovation, research and education are needed.

In this sense, and as previously mentioned, the main intervention priorities of the community funds for the period 2014-2020 are organized into four thematic domains (illustrated in Fig. 4), and in transversal domains related to the reform of Public Administration and the territorialisation of interventions (Governo de Portugal, 2014), as indicated in Fig. 5. Furthermore, the program set multiple specific objectives:

- Transfer of results from the scientific system to the productive fabric;
- Compliance with compulsory education for 18 years;
- Decrease early-school abandonment levels;
- Integration of people at risk of poverty and combating social exclusion;
- Promotion of sustainable development, with a view to efficiency in the use of resources.

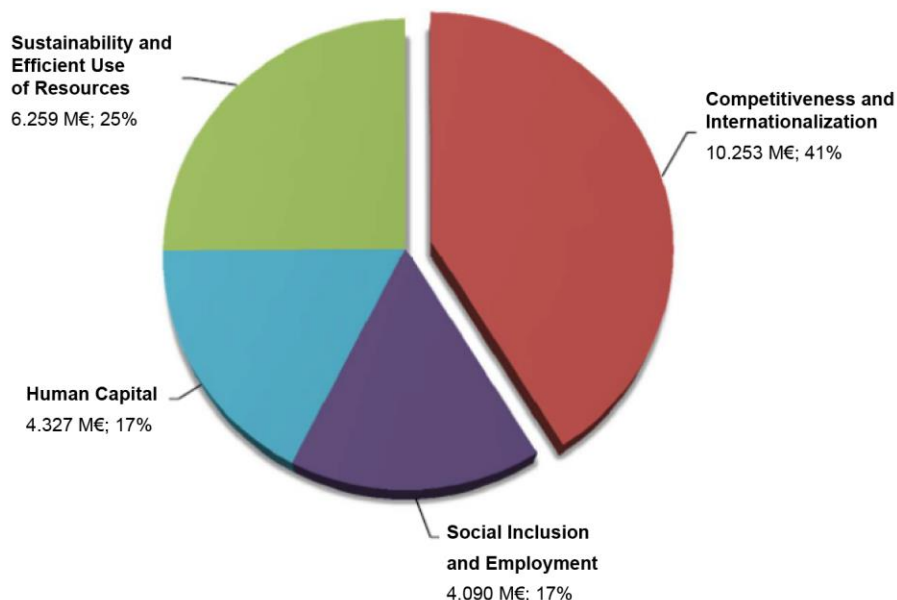


Figure 3. Total investment (percentage) per intervention priority. Adapted from Portugal 2020 (2020b).

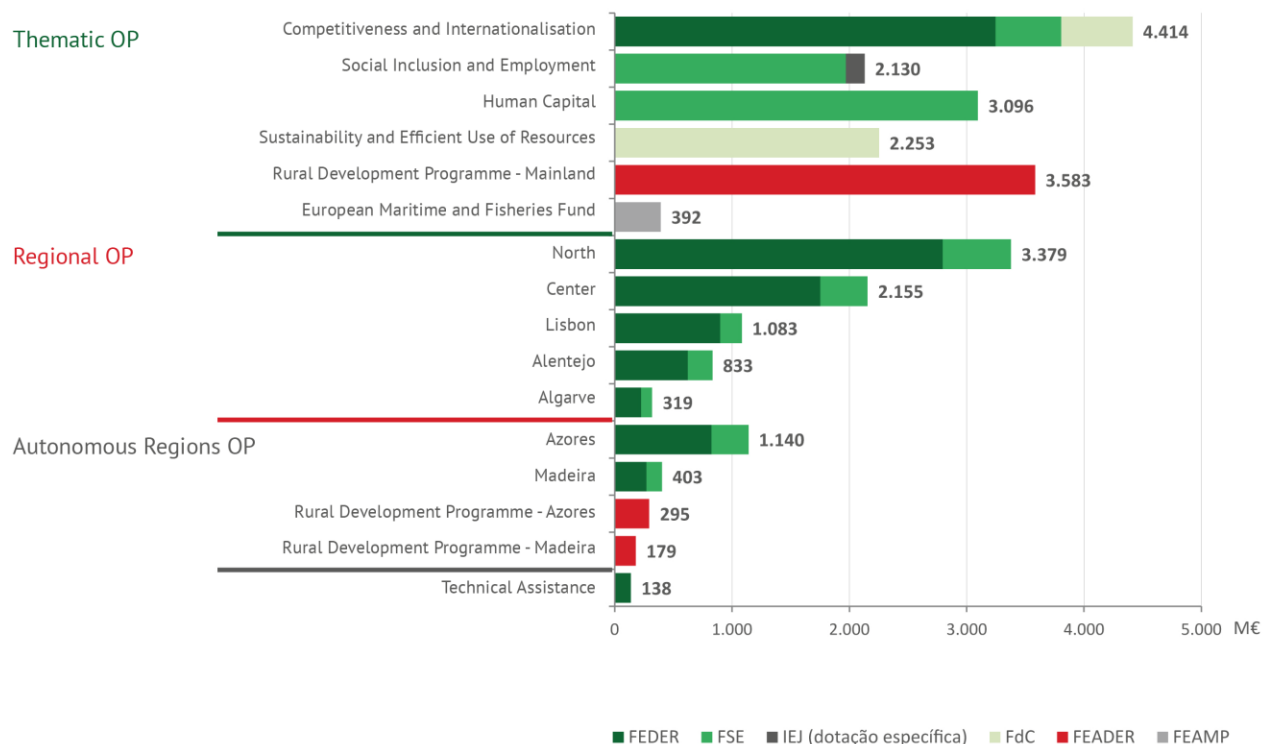


Figure 4. Financial allocations by program and fund. Adapted from POSEUR (2014).

Amongst its strategies, Portugal 2020 focuses on research and innovation for smart and sustainable specialization. This strategy consists in reinforcing what each region offers best, that is, reinforcing the competitive advantages of each region so that they can strengthen their competitiveness by conducting resources to specific domains, aiming at the qualitative adjustment of the economic fabric. The alignment with these strategies integrates the mandatory implementation of Portugal 2020 investments in Research, Technological Development and Innovation and supports the competitiveness of SMEs (Governo de Portugal, 2014). In this context, the national target for investment in Research and Development (R&D) is between 2.70 and 3.30% of the GDP, gross domestic product (Governo de Portugal, 2014). Figure 6 shows the evolution (as a percentage of GDP) of investment in R&D as well as the targets to be achieved by Europe 2020.

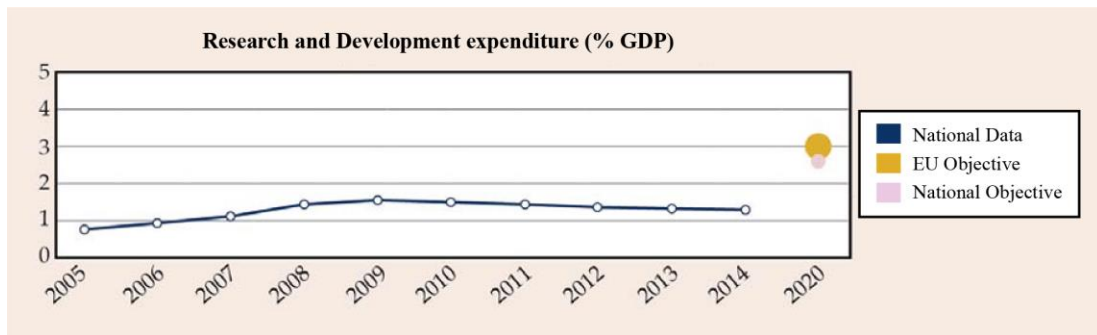


Figure 5. Portugal 2020 Strategy goal: R&D. Adapted from Comissão Europeia (2015).

1.4.1. Competitiveness and Internationalization

The thematic domain “Competitiveness and Internationalization” includes the broadest range of direct incentive options for companies, so, in this report, it will be the only domain addressed.

“The theme about Competitiveness and Internationalization is the most critical set of business incentive systems, with the aim of significantly increasing their economic competitiveness, mobilizing and enhancing their resources and skills, aiming at job creation and the resumption of convergence dynamics with the most developed economies of the European Union.”

(COMPETE, 2014).

From this domain, Incentive systems were created to support competitiveness and internationalization. The incentive systems for companies covered by this field of Competitiveness and Internationalization are provided for in Ordinance Nº. 57- A / 2015, of February 27. According to article Nº. 3 of this Ordinance:

“The system of business incentives provided for in this Regulation covers the following types of investment:

- a) Business innovation and entrepreneurship;*
- b) Qualification and internationalization of SMEs;*
- c) Research and technological development.”*

IS Productive Innovation

The incentive systems managed by IAPMEI, which were created within the scope of Portugal 2020, aim to promote business innovation, increasing the investments in innovative activities to generate qualified jobs, strengthening of SME business training for the development of goods and services that contribute to the company's progression in the value chain. Since 2018, the financing system can be done in two parts, 50% refundable through a bank loan associated with a Financial Instrument financed by Portugal 2020 and 50% non-refundable. The repayment plan is semi-annual, for 8 years with 2 years of shortage (new hotel establishments and touristic complexes: 10 years with a 3-year grace period).

IS Qualified and Creative Entrepreneurship

The IS Qualified and Creative Entrepreneurship is aimed at SMEs under 2 years old. This IS supports activities with high added value, with effects that alter the productive profile of the economy. That is, the creation of companies with qualified human resources that develop activities in sectors with strong growth dynamics and or with a higher predominance of technology and or companies that value the application of R&D results in the production of new goods and services.

To be considered acceptable to raise funds from this program, companies that apply to this incentive system must oblige to a number of criteria, such as:

- Conduct a strategic analysis to identify the critical areas within the respective business field and diagnose the company's performance on these areas
- Have at least 25% guaranteed third party funding source.

IS R&D Companies

IS R&D Companies aims to: increase the intensity of the R&D component in companies; increase the number of projects and activities in cooperation between companies and other entities in the area; foster the creation of new products and services, especially in activities that favour technology and knowledge; reinforce the economic valorisation of R&D projects; and increase national participation in international R&I program and initiatives.

This IS support projects comprising industrial research and experimental development activities, ultimately leading to the creation of new products, processes or systems or the introduction of significant improvements in demanding goods. This incentive is non-refundable at a base rate of 25%, which can be increased up to 65%, depending on the type of activities to be developed (up to a limit of one million euros per project). It should be noted that, in this specific incentive system, the following are accepted as expenses: the remuneration of the beneficiary's technical personnel, raw materials, consumable materials and components for the construction of prototypes, the purchase of services from third parties (including technical and scientific advice), travel and stays abroad directly associated with the project and software, instruments or other scientific and technical equipment (Ordinance N^o. 57 - A / 2015).

All incentives mentioned so far, are incentives that cover general Portuguese SME companies, however, one of the objectives of Portugal 2020 is also to expand borders and encourage access by foreign companies to our territory. One of the issues that I will address in detail in this work is precisely international accessibility, i.e., mechanisms that enable companies from other nations to settle and succeed in Portugal. However, the procedures to open a company in Portugal are still overly bureaucratic, especially for foreign entrepreneurs. Based on these difficulties, the role of incubators and government agencies in facilitating the establishment of international businesses in Portugal gains even more importance.

1.4.2. StartUp Portugal

The StartUp Portugal strategy of Portugal 2020 was created in 2016, with a focus on 3 areas of activity: ecosystem, financing and internationalization - for the following purposes:

- To create and support the startup ecosystem on a national scale;
- To attract national and foreign investors;
- To improve and encourage the financing of startups at all stages of their development;
- To promote and accelerate the growth of portuguese startups in foreign markets.

“Designed in 2016, the Portugal StartUp strategy was designed to listen to the main national and international stakeholders who participated to establish a set of measures that act simultaneously in terms of financing, taxation, incubation conditions and international promotion”.

(StartUp Portugal, 2016)

The StartUp Portugal program introduced a national strategy for entrepreneurship, intending to strengthen the startup ecosystem, finance technological companies, promote the competitiveness of the economy by attracting foreign investment in technical areas, renewing the economic fabric and creating more qualified jobs. It operates as an intermediary between government, entrepreneurs, incubators, and accelerators, dynamically adjusting to the system needs. Moreover, the program helps to outline and put in practice public policies and private initiatives that continuously serve the community and collect the best foreign talent, founders and investors (StartUp Portugal, 2016). Some of its main incentives (summarized in Table 3), include:

- **Start-Up Voucher:** for those who are beginning a project, the Startup voucher assists with technical and financial tools for innovative companies run by people between 18 and 35 years old. The support from the StartUp Voucher provides a scholarship, a mentor, the monitoring of the project, an intermediate evaluation award and, lastly, a completion award. This voucher runs for one year.
- **Incubation Voucher:** supports companies with less than one year in the area of entrepreneurship, by contracting services provided by certified incubators. The assistance includes management services, marketing, legal advice and support, digitization support, intellectual property protection and aid in applications for entrepreneurship and innovation contests.
- **Internationalization Support Mission:** its main goal is to increase the visibility abroad of national startups and show innovation produced in Portugal. For this reason, this program helps startups to participate in international events and in visits with Government members.

- **Tech Visa:** available since January of 2019, has the goal of creating a visa for technological and innovative enterprises. Aimed at the global market, it aims to engage highly qualified professionals from countries not included in the Schengen area. IAPMEI is the agency responsible to analyse all suitable companies fulfilling the requirements for Tech Visa.
- **Start-Up Visa:** is a residence visa for non-EU-Schengen startup founders who want to be part of one of the fastest developing start-up communities in Europe. As previously referred, Portugal 2020 was crucial for the development of an entrepreneurial ecosystem and responsible for placing Portugal at the international stage as a country with an atmosphere of innovation and development.

Table 3. Summary of StartUp Portugal initiatives (StartUp Portugal, 2016).

| | Objectives | Criteria to Apply | Benefits |
|----------------------------------|--|---|---|
| Startup Voucher | Accelerate and streamline the process of creating a company | The entrepreneur can't have previous companies Development of a project oriented to innovation | Scholarship Mentoring Intermediate evaluation award Completion award |
| Incubation Voucher | Provide simplified support to newly formed companies | Having a company <1 year Having a micro or small company of any nature and in any legal form. | 75% non-refundable Incentive (INR) with a limit of 7.500€ Support in management services, marketing, legal advice, product and service development and financing |
| Internat. Support Mission | Support Portuguese companies in accessing international congresses and conferences | Be a Portuguese company | Facilitation and Networking Training and Financing Support in the participation of different entrepreneurship events |
| Tech Visa | Attract professionals from technology sectors, from foreign countries to the European Union | Companies oriented to internationalization Directed towards innovative and technological companies | Quick process to the residence permit Quick hiring process |
| Startup Visa | Residence visa for foreign entrepreneurs interested in starting innovative companies in Portugal | Guaranteed support of an incubator certified by Startup Visa in Portugal The startup must have the potential for generate qualified jobs | Have access to European Union benefits |

1.5. Why startups fail?

Many factors can determine the failure of a startup. To better understand these aspects and identify the leading causes of death of startups, Cantamessa et al. (2018) conducted a study using a SHELL model approach. These models consist in conceptual frameworks that were originally implemented to classify aviation accidents (Dumitru and Boşcoianu, 2015), emphasizing the interaction between human errors and other elements, such as technological or logistical issues. The model was adapted to the entrepreneurship sector with the objective of assessing the relationships between all human factors in startup businesses. In order to build this model, 214 “post-mortem” reports of unsuccessful firms were analysed. Then, the retrieved data was grouped together into categories and finally, correspondences were made between these classes and SHELL macro-categories. This analysis resulted in the model depicted in Fig. 6, which highlights the main factors responsible for the decline of startups. Consequently, it’s clear that their lack of success is rarely due to a single reason but often results from the interplay of multiple factors.

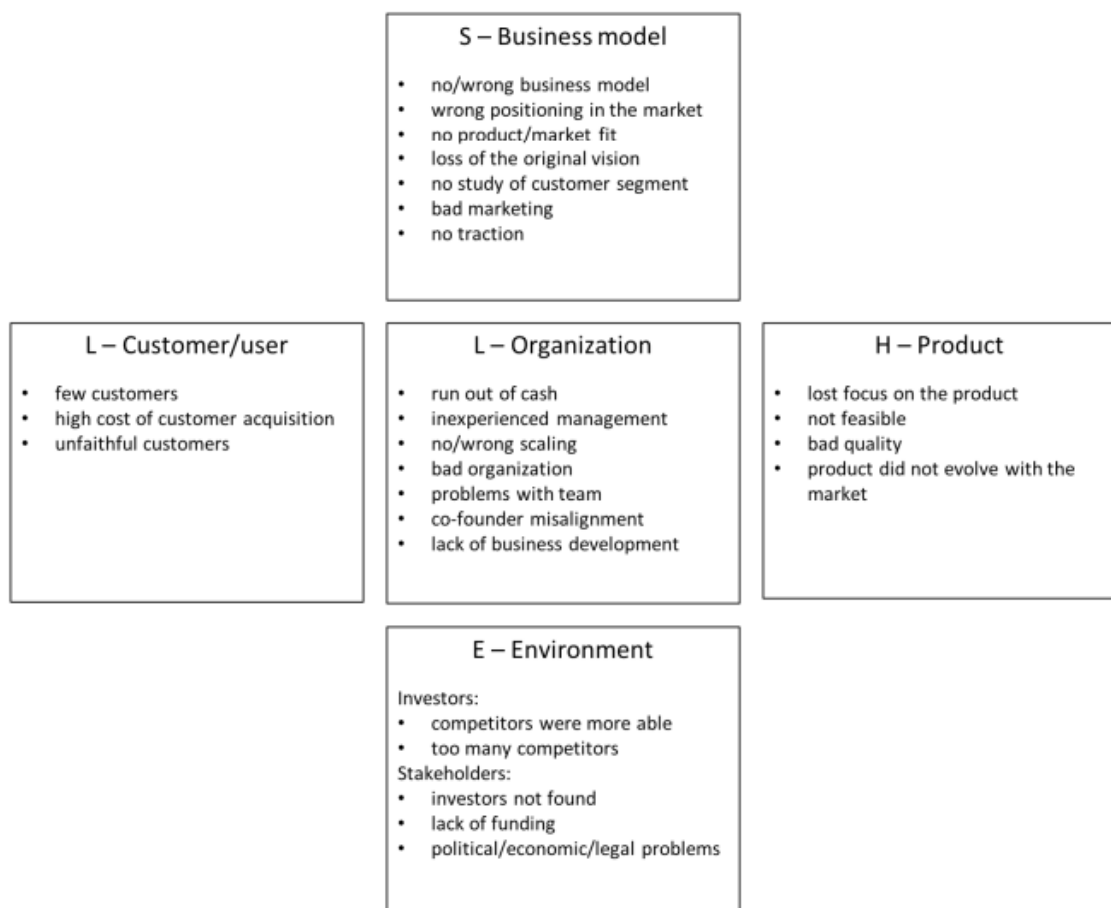


Figure 6. SHELL Model for classification of startup failure.

Source: Cantamessa et al. (2018).

Using a different approach, Duchesneau and Gartner (1990) observed three main types of causes responsible for startup failure: (1) the characteristics of the lead entrepreneur, (2) startup processes undertaken during the founding of the firm, and (3) firm behaviours after kick-off, including management practices and strategic behaviours. These points resulted from a survey conducted with 26 small firms, 13 of them successful and 13 unsuccessful, and are summarized in Table 4. Among other factors, successful firms were characterized by being more communicative, more flexible, having higher adaptation capabilities, totalizing higher initial investments and being led by entrepreneurs with larger networks. In opposition, unsuccessful firms were generally characterized by being less likely to take advice from professionals, having lower initial investments and being managed by entrepreneurs with lower communicative skills.

Table 4. Characteristics of successful and unsuccessful firms. Source: Duchesneau and Gartner (1990).

| Characteristic | Successful Firms | Unsuccessful or Failed Firms |
|--|---------------------------|------------------------------|
| <i>The Lead Entrepreneur</i> | | |
| 1. Entrepreneurial parents | Likely | Unlikely |
| 2. Breadth of management experience | Broad | Narrow |
| 3. Risk-reduction behaviors | Yes—cautious | No—impulsive |
| 4. Locus of control | Moderately high | Very high |
| <i>Start-up Behaviors</i> | | |
| 5. Business idea | Clear | Vague |
| 6. Breadth of vision | Broad | Narrow |
| 7. Start-up behaviors | Procedural, comprehensive | Incomplete, sketchy |
| 8. Time in planning | Lengthy | Brief |
| 9. Planning breadth | Very broad | Narrow |
| 10. Market research | Some | Little or none |
| 11. Used professional advice | Yes, specific needs | Little or none |
| 12. Purchased firm | No | Yes |
| <i>Firm Behaviors and Strategy</i> | | |
| 13. Employee specializaton | More | Less |
| 14. LE'-s personal command | Low | High |
| 15. Organizational format | Joint venture | Individual owner |
| 16. Strategic decision making | Participative | Non-participative |
| 17. Operational decisions | Participative | Non-participative |
| 18. LE communication | Effective and Receptive | Less effective and guarded |
| 19. Capital investment level | High* | Low |
| 20. Lowest cost and service to broad markets | Yes | Seldom |

*Low in early markets.

1.6. Incubators

Given all the challenges faced by new firms, as summarized in the previous subchapter, processes specifically developed to help entrepreneurs gain particular importance. Business incubators are organizations that support companies during their early stages in order to speed up their growth. After founding new startup companies, entrepreneurs often lack enough resources and specialized knowledge to independently carry out all required management, and therefore, incubators play a fundamental role in their success. The definition of an incubator has changed over time, yet, according to the OCDE, it is defined as “the practice of providing low-cost, property-based facilities and shared services to nurture the development of new firms” (OCDE, 1997). Alternative definitions for incubators are provided in Table 5.

The aim of an incubator is to offer a structure capable of stimulating, providing and streamlining results, through a contact network, as well as varied support, such as mentoring, administrative support, financial, accounting and legal advice (Ratinho et al., 2009). They are responsible to accompany the growth of startups, and to make sure that all their innovative and productive potential is being well managed. This type of close monitoring can be decisive for the success of startups. According to Lalkaka (2001), the success of the incubators is associated with the effective interaction between 5 stakeholders:

- Public policies that facilitate the creation of companies and provide infrastructure;
- Knowledge and Research of Universities;
- Partnerships with the private sector in the areas of “mentoring” (Advice / Monitoring) and marketing;
- Professional networking at national and global level;
- Community integration to promote entrepreneurship.

According to the same author, incubation is not an isolated process, but it comprehensively involves actors with multiple interaction relationships, who participate either directly or indirectly for the proper functioning and development of the incubated companies.

Table 5. Incubation definitions. Adapted from Bruneel et al. (2012).

| | |
|---|--|
| <p>National Business Incubation Association (NBIA)</p> | <p>Business incubation is a business support process that accelerates the successful development of startup and fledgling companies by providing entrepreneurs with an array of targeted resources and services. A business incubator's main goal is to produce successful firms that will leave the programme financially viable and freestanding.</p> |
| <p>United Kingdom Business Incubation (UKBI)</p> | <p>Business Incubation is a unique and highly flexible combination of Business development processes, infrastructure and people, designed to nurture and grow new and small business by supporting them through the early stages of development and change.</p> |
| <p>European Commission</p> | <p>A Business Incubator is an organization that accelerates and systematises the process of creating successful enterprises by providing them with an integrated range of support, including: Incubator space, business support services and clustering and networking opportunities.</p> |
| <p>Aernoudt (2004)</p> | <p>An interactive development process where the aim is to encourage people to start their own business and to support startup companies in the development of innovative products. (...) Besides accommodation, an incubator should offer services such as hands-on management, access to finance (mainly through links with seed capital funds or business angels), legal advice, operational know-how and access to new markets.</p> |

In Portugal we can progressively identify this interface, through Universities that act as incubators or from partnerships with other business accelerators, as well as multiple initiatives promoted by government agencies. This generates jobs for newly graduated students and fosters the entrepreneurial environment. Some specific examples include the CRIA Project promoted by the University of Algarve and the IEUA - Business Incubator at the University of

Aveiro (IEUA), with promotes workshops with the objective of training Portuguese companies interested in internationalization.

CRIA engages, organizes and supports the implementation of various initiatives in the field of innovation, research and development (CRIA UALG, 2020). Some of the projects that are currently running include:

- European Ecofunding Project - Supporting SME's in building a Green Economy;
- Business Lab Project - This project purposes to support and host scientific and technological activities. For this purpose, CRIA provides spaces and the necessary conditions to support applied research activities, validate the concept of new technologies, promote institutional relations between companies and promote the development of scientific and/or technological based companies through structured projects;
- CriaTech - A project focused on transferring innovation from laboratories to the market. This project seeks to respond to three critical regional factors: diversify the regional productive base; improve the capacity for absorbing innovation and attract/retain new qualified investors.

According to data collected by INE - Instituto Nacional de Estatística (2012), the mortality rate of new-born companies in Portugal is higher than the EU (average of 50%), reaching 70% within the first five years. Moreover, other studies have suggested that the resources required to ensure the sustainability of newly-created companies in their first years, usually cannot be supported by entrepreneurs alone. Therefore, it is crucial to create mechanisms that offer support during these delicate phases, marked by increased vulnerability and uncertainty. With the help of an incubator, the probability of failure of companies is clearly lower compared to those that try to survive alone, with the mortality rate of companies that undergo incubation being only 20% (NBIA, 2007).

1.6.1. Critical success factors

In this topic I will address essential factors that must be covered by incubators in order to successfully manage startup companies, a topic extensively addressed in literature as confirmed by the many comprehensive guidelines/strategies provided by several studies.

As the authors Maletz and Siedenberg (2007) refer, critical success factors define the main guidelines that the management team must follow in the implementation and administration of an organization, defining a limited number of areas that are essential for the organization to accomplish its mission and achieve success. Once these guidelines are established, any activity, initiative or decision must take these factors into account in order to ensure a good performance.

Based on the role of incubators in the business process, Peters et al. (2004), referring to the work by Wiggins (2003), suggest that incubators must perform five tasks in order to be successful: 1) establish clear metrics of success; 2) ensure business leadership; 3) develop and provide added value services to the incubated companies; 4) develop a rational selection process; 5) ensure that incubated companies have access to the necessary financial and human resources.

Rice et al. (1995) also developed a study in which they identified three key principles of a successful incubation program: the first principle is to "focus the incubator's services and resources on solving the problems of the incubated companies". Many business incubators are created with objectives focused on creating jobs, revitalizing the local economy, selling products developed at universities, etc. However, their missions are often poorly understood. According to Peters et al. (2004), all of these objectives must be consequences and not the purpose of an incubator. When created with the mission of developing companies still in the initial phase, all other objectives will eventually be achieved if the incubator fulfils this mission. The second principle consists in "managing the business incubator as a business, optimizing the available resources in order to make it sustainable". Because they are non-profit entities, some incubators are poorly managed and their resources are sometimes misallocated. Thus, it becomes crucial for incubators to have at their disposal a management team

capable of efficiently managing the scarce resources available, while guaranteeing the best services for the incubated companies. Finally, the third principle is “to develop a set of services and programs that target companies incubated according to their specific development needs”. Business incubators must develop differentiated programs that meet the specific needs of the different incubated companies, in addition to providing the basic services. It is therefore crucial that the incubator's management team is aware of what each incubated company requires and looks for the best ways to meet those needs. According to the authors, these three principles are the basic conditions for the success of any incubator, regardless of their typology and the economic environment in which they find themselves. The greater the number of factors incorporated into the process, the greater the chances of success.

UKBI (2003) also proposes a division of the critical success factors of incubators, suggesting a classification according to four key areas: (1) effective management of policies and strategies, (2) skills and experience, (3) support to customer and (4) effective management of processes and systems. All these are central processes and services that, according to UKBI (2003), all incubators should seek to offer their customers, together with a set of optional services.

Dornelas (2002) states that, often, these factors and principles are not considered when the incubators are created. For the author, many business incubators are created without accounting for some of these basic criteria, but rather privileging political factors such as job creation, which may lead to failure after a short period of time. As already mentioned, job creation or profit should be considered as a consequence of the incubation process and not as its mission, which should consist instead in the development of the emerging companies.

1.7. Government agencies

Government agencies are indispensable to the evolution of a more proactive and sustainable entrepreneurial environment. They are responsible for developing measures to support entrepreneurs, and to ensure that these measures are applied and followed correctly. In the following paragraphs, some of main government agencies focused on entrepreneurship will be described.

1.7.1. IAPMEI - Agency for competitiveness and Innovation

Government agencies stand out when it comes to incentives and support for the development of startups. One of the most well-known is IAPMEI, formerly the Institute for Support to Small and Medium Enterprises and Innovation, and currently the Agency for Competitiveness and Innovation. It was founded 40 years ago (1980), at a moment of great economic instability, and helped overwhelmed companies during times of high interest rates and inflation, granting bank guarantees and providing technical and financial assistance services.

In the 1990s, in order to increase its scope, it expanded its intervention sectors through partnerships with business associations, banking system, scientific and technological organizations and with initiatives of the Ministry of Economy. IAPMEI management mechanism is guided by the following objectives: a) to stimulate qualified and innovative entrepreneurship; b) to increase and consolidate the size of national companies; c) to train companies, their human resources and their leadership; d) to act in proximity and reduce costs; e) to manage both material and immaterial resources in a competent manner. In partnership with public policies aimed at entrepreneurship, IAPMEI “promotes a wide range of programs, initiatives and services in order to support this segment” (IAPMEI, 2019). Indeed, it was through IAPMEI that the strategies developed by Startup Portugal were implemented in the market. These strategies are divided into 3 support areas: entrepreneurship, innovation and competitiveness.

Moreover, IAPMEI also has a qualification and certification service aimed at small and medium-sized companies that need to prove their status. This certification can be issued online and provides accreditation for the dimension and revenue level of the company, allowing all financing partners, customers and public administration entities to enrol in potential partnerships. IAPMEI has two qualification statutes: SME Leader and SME Excellence. These two statutes are a certificate of reputation for companies that stand out. With this seal companies have benefits such as better access to financial products and easier dealings with banks. To be eligible for the SME Leader status companies need to achieve even higher goals, since the excellence certification is only attributed to companies that already have the Leader seal.

1.7.2. AICEP

AICEP is a public entity developed to provide a competitive business environment that contributes to the globalization of the Portuguese economy. It was created in 2007, as a result of a merger between API (Portuguese Agency for Investment) and ICEP (Institute of Foreign Trade of Portugal), AICEP's main duties are to: promote the internationalization of Portuguese companies supporting its export activity, to attract structural investment and promote the image of Portugal with value-creating initiatives. "AICEP monitors investment projects at all stages, providing advice and "information tailored to the needs of our clients" (AICEP, 2002)

1.7.3. RNI – National Network of Incubators

The National Network of Incubators was created in 2016, under the scope of Startup Portugal. Its goal is to classify, map and interconnect all incubator companies in Portugal, including those founded by universities, private businesses or foreign institutions.

"RNI aims to give incubators and accelerators a central role in the entrepreneurship ecosystem a central role in the ecosystem. Through cooperation and sharing of physical resources and know-how. It aims to identify, map and link the existing incubators and accelerators in the country. It is important that institutions like RNI conquer their space in the scope of small and medium sized companies and gain representation for incubators and accelerators"

(RNI, 2016).

1.7.4. ANJE – National Association for Young entrepreneurs

ANJE is a private association of public benefit created in 1986. It represents the young Portuguese entrepreneurs and supports them throughout their business activity. It was one of the pioneering associations in encouraging young people to become entrepreneurs, significantly contributing over the years to the increased support that the area has been receiving. It was one of the first associations to set up incubation centres (in 1994), when the concept was still

relatively unknown. It founded a centre in Maia (Porto) and then moved on to create an incubation centre in Faro. These were the first in a series of 11 structures that exist today.

ANJE has concentrated its efforts on qualified entrepreneurship, in order to support and encourage young people to transform their knowledge into commercial value. Currently, it has more than 5500 members throughout Portugal, receiving business advisory services, help in the internationalization of their companies and support during early business stages, through access to incubation centres and extended contact networks. ANJE provides its members with a range of courses for those who want to learn, expand their knowledge and be successful in increasingly competitive markets. It offers training courses such as: The Pessoa Program, the GENE Program - Generation of New Entrepreneurs, the REDE Program, the ANJE Management Postgraduate Program, the TIL - Intensive Training in Leadership and, more recently, the PME Training Program. In 2011, ANJE training completed its qualifying offer by adding a New Opportunities Centre.

2. The Company: GrowIN Portugal

2.1. Creation

GrowIN Portugal is a company that has been in the Portuguese market for two years, being currently headquartered in Faro. Its owner is Dr. Anas El Arras, a Moroccan entrepreneur who has previously started to develop a company in Portugal and realized that foreigners had to go through a series of steps that required some legal/technical knowledge in order to be able to register their companies in the country. Consequently, he later decided to create GrowIN Portugal, a business mainly aimed to help foreign entrepreneurs to incorporate their startups in the Portuguese markets.

Hence, GrowIN Portugal built and launched a “Company as a Service” platform that allows anyone, anywhere in the world, to remotely set up and manage a startup in Portugal, mainly focusing businesses from outside the European Union. Portugal was chosen as the host country, for the great entrepreneurial potential revealed in the recent years, for the incentives provided to entrepreneurship and for the growth potential of new startups. Additionally, the country is one of the most affordable places to live in Western Europe, one of the safest (according to the Global Peace Index) and is well located geographically (close to the American continent and in the same time zone as the United Kingdom, becoming easy the business between the countries).



Figure 7. GrowIN Portugal Logo. Source: GrowIN Portugal (2017).

Moreover, recently GrowIN Portugal also became a certified startups' incubator, so it can contribute even more to the success of companies that are still establishing themselves or expanding their businesses to Portugal. It already met all required criteria in order to become an incubator, so this certification came to consummate its capacity to support companies during their early stages. The company is composed by a multidisciplinary team prepared to help startups from a wide range of different markets.

2.2. Mission

GrowIN Portugal's mission is to bridge the gap between non-EU startups and the growth opportunities available in the EU, and more particularly, in Portugal.

2.3. Programs: Incorporate, Move and Accelerate

GrowIN Portugal services are provided by 3 different programs:

Incorporate

Within the scope of this program, the company offers a bundle of services to guide companies that are establishing themselves in the Portuguese market. The whole process can be done remotely from the companies' countries of origin, as the presence of the owners is not physically required. This program includes:

- Company name approval in the Portuguese financial services.
- Business bank account opened remotely;
- Registration of incorporation;
- Registration with Social Security;
- Registration with Tax Authorities (NIF);
- Portuguese domain name;
- Approved power of attorney;
- Shareholders fiscal representation;
- Registered business address;
- Basic accounting and book-keeping;
- Declaration of start of activity.

“Incorporate your Startup with the aim to protect your assets, achieve sustainable growth, become eligible for funding programs, and to attract investments. GrowIN Incorporate allows you to remotely register, set up, own, and operate your Company in Portugal in a matter of days”

(GrowIN Portugal, 2017).

Accelerate

The Accelerate program is for those who need to optimize the growth of their startups. This program, which runs for 4 weeks, provides entrepreneurs with an exclusive set of tools and professional advice to help promote their businesses.

This program includes:

- Equity-free acceleration;
- Business model validation;
- Three years of financial projections;
- Professional Business Plan: A specialized team will be focused to make the appropriate business plan for each company;
- Digital Marketing Plan: A marketing professional will answer any questions and provide useful tips to help grow the brand's positioning;
- Funding Pitch Deck: Provide contact with the best financing platforms;
- Tech consulting: A qualified expert team evaluates the company's strategy and provides constructive feedback on how to optimize the use of technology.

Move

Finally, the Move program has been developed to provide direction and full assistance to entrepreneurs and professionals throughout the entire “Portugal Visa” application process. It includes, but is not limited to eligibility evaluation, enrolment assistance, submission of applications as per the program requirements and handling of all required formalities to issue the Residence Permit upon arrival to Portugal.

“Full assistance related to the Portuguese Startup Visa for entrepreneurs and founders; Coordination of the Startup Visa obtaining process with the Portuguese Agency for Innovation; Liaison with the Portuguese Diplomatic Representations in the applicant’s place of residence; Provision of up-to-date list of required documents and procedures for the filing of residence request; Preparation of application for filing the residence permit request at the Immigration Authority; Assisting the residence permit applicant with the Portuguese Immigration and Borders Authority”

(GrowIN Portugal, 2017).

2.4. GrowIN Portugal as an incubator

In 2020, after a careful review process conducted by IAPMEI, GrowIN Portugal became an accredited StartUp Visa incubator. This accreditation is specifically aimed at welcoming entrepreneurs from foreign countries who intend to develop a business project, since these companies are requested to have an accredited incubator in Portugal before moving to the country.

According to IAPMEI’s eligibility criteria, in order to obtain this type of certification, incubating entities have to present some standards that demonstrate management capacity towards another (incubated) company:

- a) Demonstrate the existence of an incubation program that provides support in 5 areas: management service, marketing, legal advice, product and service development and financing;
- b) Holding their own services, implemented through qualified human resources in the provision of incubation services, excluding trainees, independent workers, external consultants and unpaid management partners;
- c) Demonstrate the existence of the technical resources necessary for the services to be provided, including equipment and facilities;
- d) Have the capacity and availability to carry out the physical incubation of the entrepreneurs that they will host under the Startup Visa program;

- e) The lack of debts to the social security or the tax administration and declaring that they have no overdue wages;
- f) Have organized financial accounting in accordance with the applicable legislation (IAPMEI & Ministério da Economia, 2018).

3. Curricular Internship

Curricular internships are a fundamental component of the academic path of many students, as they allow to combine and integrate all the learned theoretical knowledge with practical experience. They offer the opportunity of putting into practice what is learned during the course degrees. For many, it consists indeed in the first contact with the world of work and may inclusively lead to effective job offers.

As already referred, the current internship took place in GrowIN Portugal and lasted for a period of 3 months, from 14 January 2020 until 14 March 2020. My work was directly supervised by the company CEO, Dr. Anas El Arras. Despite already existing for 2 years, at the time the company was transitioning from a digital-only business model to an actual office space. So, it was a rewarding experience for me to be able to learn and be part of this initial growth/development phase.

The main objective of this internship was to deepen my knowledge on the entrepreneurial ecosystem in Portugal and in the European Union, as well as to apply marketing and management-related processes on a professional work context. This translated into a work plan mainly focused on improving the company's digital resources and attracting new customers, with a work schedule starting at 9h and finishing at 18h. Since the company had only moved to its actual location in October 2019, approximately 3 months before my internship started, additionally I had the opportunity to help in a number of on-going organizational processes, such as helping with the acquisition of the incubator certificate, finding an outside accountant, contacting architecture studios to inquiry about a potential office remodulation, etc. Despite not being directly under the scope of my internship, these tasks also proved to be a good chance to gain experience in areas other than those related with my degree.

3.1. Work plan

The internship's work plan was divided into three main tasks:

- (i) Development of an online knowledge base;
- (ii) Identification of potential customers - foreign companies that could be interested in stepping into the European market, and finally;
- (iii) To contact, liaise and meet with those customers.

3.1.1. Knowledge Base

The first task of the internship consisted in updating and further developing GrowIN Portugal's Knowledge Base (www.growinportugal.com/knowledge). The Knowledge Base is an online resource made available within the company's website with the objective of providing a detailed description about the bureaucratic and legal processes required to opening up a business in the Portuguese market, including topics such as: obtaining the NIF (fiscal identification number), start of activity and opening a bank account. It also offers useful information to companies that are already in the process of establishing themselves in Portugal, providing several guidelines so that they can be better prepared to face the market. This was done through an extensive bibliographic review, focusing on official databases that contained information of importance and interest to entrepreneurs, such as recently developed governmental incentives and Portugal's labour rules. After compiling and analysing all these data, the information was made available on the website in the form of a "questions and answers" guide.

The whole investigation process involved in the development of the company's Knowledge Base included summarizing information from different sources (e.g., IAPMEI, ANJE, OEDC, European Commission and SEP reports, etc.) and, hence, it was essential for the development of the present report. By compiling all this different data, I deepened my knowledge on all the procedures currently required to open new small businesses and, consequently, I was able to gain a broader perspective of the current state of the entrepreneurship sector in Portugal.

3.1.2. Identification of potential customers

The process of defining a target market is a fundamental step in the development of a solid positioning strategy and to better streamline the services offered (Woo et al., 2005). Since GrowIN is especially oriented to support external companies, my work consisted in reviewing and identifying promising startup companies in the Brazilian market. I searched specifically for companies with a profile for internationalization through StartupBase (www.startupbase.com.br), the largest and most complete database of the Brazilian startup ecosystem. This database gathers multiple information and statistics about startups in Brazil, providing details such as foundation date, how many employees they have and at which stage of development the company is. Based on this data and on the information available on the companies' websites, I searched for further details such as investments received, prizes awarded in competitions and prominence in the international market (i.e. customer segmentation method, following Jonker et al., 2004). After analysing and going through all of these points, the most promising companies (i.e., those with the required resources and potential interest in expansion for the Portuguese market) were selected and contacted.

3.1.3. Contacts with customers

Initially, contacts with selected companies were made by means of prospective e-mails through the cold calling method, introducing the services offered by GrowIN Portugal and inquiring about their potential interest in expanding their business to Portugal.

Cold calling is the established technique of contacting potential customers via e-mail or telephone (often used by telemarketing companies) without customers having requested or expressed previous interest in the product. This marketing strategy has typically low success rates, so many inquiries need to be made in order to achieve any tangible results in the short-term. The team responsible for this task was initially composed by me, the CEO and a full-time employee, each being in charge of researching potential companies and sending

multiple e-mails. I was responsible for the Brazilian market, while my colleagues focused their efforts mainly on African markets.

Posteriorly, online meetings to discuss further details were scheduled with all companies that replied positively. During the meetings, the clients outlined their business plans and provided a more comprehensive summary of their business strategies. GrowIN Portugal's staff was then responsible for putting those plans into practice or designing new strategies with the companies if required. Besides leading the prospection and initial contacts, I was responsible for introducing the company in the online meetings and to register all the main details discussed.

4. Internship Results

After conducting an extensive literature review, we successfully expanded the knowledge base available in GrowIN Portugal's website (Appendix 1). A wide range of topics was addressed and summarized, including: VISA application, labour conditions, Portugal 2020 for foreign entrepreneurs. In total, more than 35 questions were answered.

Regarding the identification of potential customer companies, I reviewed more than 1000 startups compiled in the Brazilian StartupBase and identified 31 that could have with a high potential interest in accessing the Portuguese business market (Table 7). Of these 31, 7 were involved in the area of Artificial Intelligence and Technology, 4 worked with Finance and Investments, and the remaining were mostly associated with Marketing. After reaching out to these companies, 6 demonstrated interest in proceeding to the online meetings. Throughout these meetings, further details on business opportunities in Portugal were given, financing opportunities and conditions were explained and negotiations were started. At the end of my internship, 4 of these companies (i.e., Espaço Autoridade Fitness, Total Cross, Biosolvit, NR7) were actively engaged and discussing contract terms with GrowIN Portugal.

4.1. Customer meetings

In the present subchapter I provide a brief introduction about three of these companies and outline some of the details discussed during the conducted meetings. All of these meetings took place via Google Meet or Skype, in the beginning of March 2020.

Espaço Autoridade Fitness

This company is composed of 2 young entrepreneurs and consists in an online fitness platform based in Brazil. On this platform, people can exercise from home (i.e., online gym concept) with dedicated PT (personal trainer) monitoring, while also having access to tips on nutrition and various other factors related with overall health and well-being. Already having a substantial number of registrations, the entrepreneurs were already considering internationalizing the company and hence had interest in hearing about GrowIN Portugal's services. They asked us about the European funding initiatives and so we offered to send them a report explaining all the procedures required to access the European market and all the relevant advantages.

Total Cross

Total Cross consists in an IT (Information Technology) startup that develops programs and apps using the Java programming language. The company won a startup competition promoted by France-Brazil Chamber of Commerce and had the opportunity to participate in a startup acceleration program in France. When the meeting was conducted, the CEO informed us that he was already participating in an incubation program run by the University of Aveiro and so the objective was just to discuss a potential partnership.

Biosolvit

t's a startup that offers biotechnological solutions, mainly focusing on environmental preservation. Some of its products include dedicated materials to absorb oil derivative pollutants either at land or sea. In 2019 they won the Blue Bio Value 2019 held in Portugal, an innovation competition in the area of sustainability. One of the prizes consisted precisely in the incorporation of the winning companies in the Portuguese market. Consequently, Biosolvit's objective was to inquiry about some of the processes involved and also to seek potential partnerships in the future to help expand their business to further markets, such the one associated with oil companies in Morocco and other African countries.

4.2. Final outcomes

Making a decision to expand or set a business in another country is a really important decision and there are many significant variables (such as the country, the opportunities offered, the tax of the country, etc) that must be considered. An incubator must have well-prepared professionals who know how to evaluate whether the startup is ready for this big step and if the business in question has potential and can build effective business channels in the country in which it wishes to establish itself. Consequently, these processes can take some time and concrete outcomes can only be evaluated after the parties agree on the terms and all bureaucratic procedures are taken care of.

Consequently, during my internship period, no company was effectively incorporated in the Portuguese market, but a process had already been carried out previously by an e-commerce company from Morocco that settled in Faro. This company is made up of two partners and when they moved here, Startup Visa did not exist yet, so they took advantage of a D2 Visa (the visa for immigrant entrepreneurs that intend to engage in investment activities in Portugal), with GrowIN helping with all necessary bureaucratic procedures.

Table 7. Companies contacted during the internship.

| N° | Company | Contact Person | Area | Country |
|-----------|---------------------------|-----------------------|----------------------------|----------------|
| 1 | Agendor | Júlio Paulilo | Management Platform | Brazil |
| 2 | Predify | Carlos Schimiedel | Business Inteligence | Brazil |
| 3 | Espaço Autoridade Fitness | Fernando Teitebaum | Health and Well Being | Brazil |
| 4 | Total Cross | Bruno Muniz | App Development | Brazil |
| 5 | Binaria Art | Gustavo Martes | Online painting exhibition | Brazil |
| 6 | Cori | Dante | Tech | Brazil |
| 7 | GuiaBolso | Thiago Alvarez | Finance | Brazil |
| 8 | Rock Content | Vitor Peçanha | Content Marketing | Brazil |
| 9 | Nibo | Gabriel Gaspar | Finance | Brazil |
| 10 | iSportistics | Vinicius Gholmie | Artificial Intelligence | Brazil |
| 11 | Gupy | Mariana Ramos | Artificial Intelligence | Brazil |
| 12 | Conpass | Ivan Biava | Artificial Intelligence | Brazil |
| 13 | Shelpix | Jose Augusto | Artificial Intelligence | Brazil |
| 14 | Hubify | Fabio Duran | Digital Marketing | Brazil |
| 15 | Spoletto | Antonio Leite | Food | Brazil |
| 16 | Fhinck | Paulo Castelo | Artificial Intelligence | Brazil |
| 17 | Opinion Box | Felipe Schenper | Market Research | Brazil |
| 18 | Slicingdice | Gabriel Menegatti | Data Technology | Brazil |
| 19 | Biosolvit | Guilherme Queiroz | Eco/Environment | Brazil |
| 20 | Inevent | Pedro Goes | Events | Brazil |
| 21 | Labsoft | Giorgio Raphaellis | Software | Brazil |
| 23 | Dom Rock | Andre Almeida | Tech | Brazil |
| 24 | Escola Sentido | Thales Mileto | Education | Brazil |
| 25 | Brasilia Market School | Fernando | Education | Brazil |
| 26 | SurfMappers | Victor Fernandes | Photography | Brazil |
| 32 | NR7 | Henrique Repiso | Startup Consulting | Brazil |
| 27 | Neuralmed | Anthony Eigier | Healthcare | Brazil |
| 28 | Mandaê | Marcelo Fujimoto | Logistics | Brazil |
| 29 | Mercatório | Gabriel Moterani | Finance | Brazil |
| 30 | Spume | Mauro Jeckel | Data Consulting | Brazil |
| 31 | Warren | Tito Gusmão | Investments | Brazil |

5. Discussion

After the conducted literature review about the Portugal 2020 program and Startup Incubators, as well as my experience in GrowIN Portugal, the importance of these initiatives/entities for the competitiveness of small and medium enterprises in Portugal was better understood. Their contribution to the growth of the Portuguese entrepreneurial environment and their influence on the enhancement of the country's economic growth has been increasingly evident as discussed in the following paragraphs.

5.1. Evolution of startups in Portugal over the last decade

Portugal has been increasingly asserting itself as a reference in the European context of Startups. A study by the Startup Europe Partnership showed that, until 2017, more than 35 thousand startups were registered annually, as showed in Figure 9. This boom in the area of entrepreneurship has been contributing to the transformation of the portuguese industry itself (Startup Europe Partnership, 2017), with a global digitalisation of functions and processes. This shift in manufacturing technologies is occurring rapidly and has been referred as "Industry 4.0" (i.e. the fourth industrial revolution).

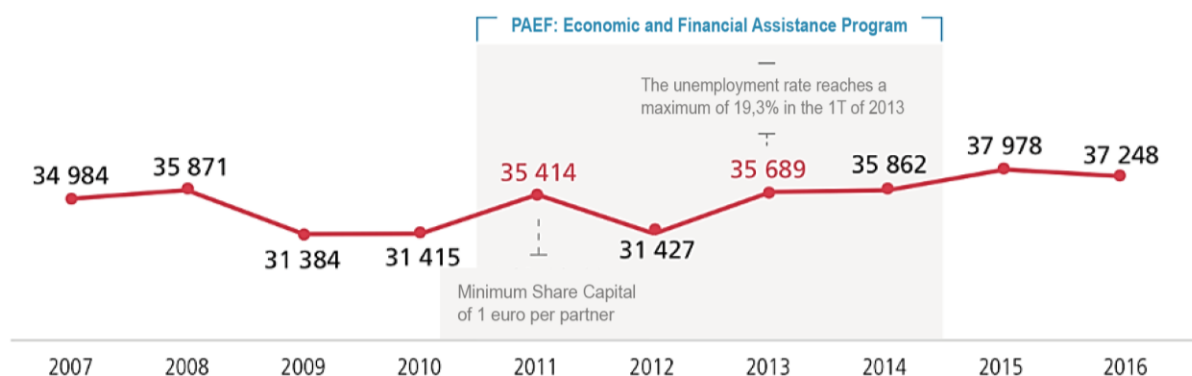


Figure 8. Number of startups active in Portugal, per year. Adapted from Informa D&B (2016).

“Data from the same study reveal that in Portugal there are already 67 scalesups, startups known to be in a phase of greater and more sustainable growth, and 30 startups that are already prepared to enter the scale up phase. The former are responsible for raising 350 million euros, creating 100 thousand jobs and exporting around 67% of the services provided”

(Startup Europe Partnership, 2017).

To accompany this large-scale rise of startups, with the objective of supporting and strengthening this growth, incubators of companies linked to Universities emerged throughout the country. The great revolution caused by the emergence of startups, as mentioned in the introduction, is responsible for an important and visible impact on the economy through job creation.

Startups have thus become an important tool for both Portuguese society and economy. Indeed, since 2014, when the Portugal 2020 Partnership Agreement was signed, there have been multiple acknowledgements of the progress achieved. In 2015, Lisbon was named as the European City of Entrepreneurship by the European Entrepreneurship Region (Young, 2016) and it hosted for the fourth year consecutive (2016, 2017, 2018 and 2019) one of the greatest and more important event in the area of entrepreneurship and technology, the Web Summit.

5.2. Portugal 2020

Under the scope of Portugal 2020, according to data of Startup Portugal, approximately 13600 companies were supported through Incentive Systems, more than 50.000 projects were approved (divided between regions and operational projects) and more than 1000 startups were helped, with more than 19 billion euros being allocated until January of 2021 according to the latest reports (StartUp Portugal, 2016).

The Portugal 2020 program proved to be effectively relevant to the regional development, however some spatial heterogeneity in the application of the funds persisted. For example, the Algarve region only had 1204 projects approved (from a total of 29740 projects countrywide, approximately 4.05%;

Table 8). Moreover, from these 1204, only 122 were projects destined to promote regional research and innovation. In the Azores, of the 2133 projects approved, solely 38 were dedicated to research and innovation. This shows that the available subsidies are not always well distributed among regions and between operational areas within each region, which can translate into large heterogeneities in the way regions benefit from these projects. Balanced investments that bring more innovation and foster research and education are fundamental to generate effective growth and development for the regions on the long-term. A good example of the advantages brought by these funding initiatives is the Technological Pole currently being created in Algarve region, the Algarve Tech Hub, a center dedicated to support technology-focused entrepreneurs and companies, identify talents and attract international stakeholders into the region. This project is mainly financed by Cresc Algarve 2020 (70%, i.e., 3,800,000.00 €) and will have an infrastructure capable of receiving from 300 to 350 people. This project proves that well directed funds can have great impacts in the regions, not only regarding employment, but also in areas such as education and innovation.

Table 8. Results divided by Thematic OP. Source: elaborated by the author, based in the data from Portugal 2020 (2020a).

| Projects approved | Region | Nº |
|-------------------|-------------------------|--------------|
| | Alentejo | 4186 |
| | Center | 8350 |
| | Algarve | 1204 |
| | North | 10303 |
| | Lisbon | 3564 |
| | Azores | 2133 |
| | Madeira | 5025 |
| | Total | 34765 |
| | Operational Project | Nº |
| | PO Human Capital | 5284 |
| | PO Sustainability | 1905 |
| | PO Social Inclusion and | 3952 |
| | PO Competitiveness and | 7614 |
| | PO Technical Assistance | 26 |
| | Total | 18781 |

Startup Portugal's results were disclosed in the event "Link to the Future", held in Lisbon, which counted with the leaders of the main agencies / companies that benefited from the incentives. The sales and services offered by the entrepreneurship sector in 2018 reached 2.2 million euros, which corresponded approximately to 1.1% of Portugal's GDP (201.6 billion euros; Fig. 9). Furthermore, national exportations almost doubled in two years, with 673 million euros in goods and services being exported in 2016 and 1.121 million euros in 2018, representing approximately 1.9% of national exportations (Barbosa, 2019).

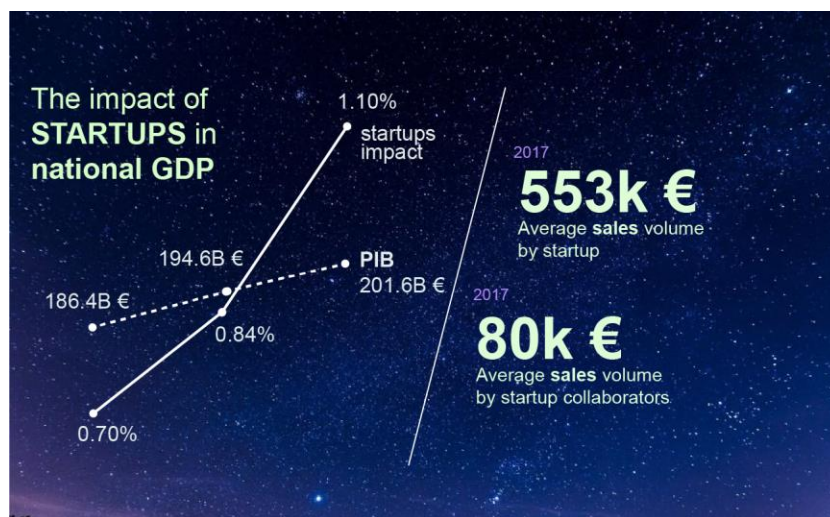


Figure 9. Impact of startups on GDP. Adapted from Barbosa (2019).

The number of registered incubators increased by a total of 32 between 2016 and 2018 (Table 9). Similarly, the number of incubated startups was also higher in 2018, increasing by 1021 (3214 startups listed in Startup Portugal Association in 2018, against only 2193 in 2016). Moreover, during the first year of incubation, the survival rate of startups increased from 80.43% in 2017 to 86.56% in 2018. This indicator drops to 67.76% when considering surviving startups of 24 months after the start of incubation (in 2016 this metric was 63%).

Table 9. Number of incubators by year. Source: Barbosa (2019).

| Year | Nº Incubators |
|------|---------------|
| 2016 | 121 |
| 2017 | 135 |
| 2018 | 153 |

In addition to the indicators related to startups having increased, both in numbers and in sales and services, a growth was also observed in the number of jobs associated with these companies. Indeed, if in 2016 the number of jobs associated with startups was 15.534, this index grew 30% in 2017 to 20.271 and, again accelerated 24% in 2018, reaching 25.084 jobs, according to the same reports (illustrated in Fig. 11).

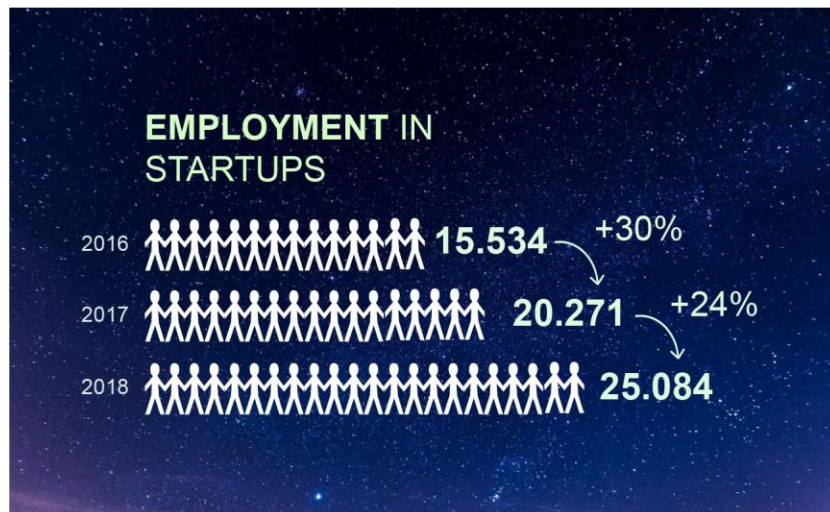


Figure 10. Jobs created by Startups. Adapted from Barbosa (2019).

“In just two years, the Portuguese innovation ecosystem has changed radically. The number of startups and incubators has increased significantly, technological companies have grown, with the first Portuguese unicorns (Farfetch and Outsystems, with Feedzai on the way to achieving this status) and dozens of new technological companies obtaining investments in the order of millions of euros and generating thousands of jobs (Unbabel, Venian, Codacy, Dashdash, SwordHealth or ProdSmart are just a few recent examples)”

(IAPMEI & Ministério da Economia, 2018)

Given all these results, it is widely agreed that, with the implementation of the PT2020 program, a new agenda focused on entrepreneurship was established and due importance was given to the transfer of innovation and technology. Nonetheless, since “we live in an era of constant transformation, where it is globally recognized that the living standards of nations depend on their scientific and technological capacity” (Marques et al., 2010), it is essential that Portugal continues to embrace technological and innovation programs.

Notwithstanding the great advances achieved with Portugal 2020 and all the successful results obtained, that are in fact bringing development and growth to the country, we cannot fail to highlight an important objective within the spectrum of “competitiveness and Internationalization” that was far from being achieved during the years of Portugal 2020: the use of 2.70% and 3.30% of the GDP in R&D. According to the Pordata (www.pordata.pt), a Portuguese database with official and certified statistics on Portugal and Europe, in 2017 and 2018 only 1.32% and 1.36% of the GDP, respectively, were invested in R&D.

Keeping in mind that this and other objectives ended up not being achieved, is evident that even though a detailed planning was delineated for the PT2020, a real evaluation of what was effectively accomplished is still necessary. This task could be carried out through government agencies, starting with IAPMEI, for example by visiting companies after the implementation of the projects and by quantifying all the developments, expenses and profits associated with the investments made. In order to develop more research in the area of business incubation and its connection with startups, to create databases comparable to those existing in America (e.g. Crunchbase, www.crunchbase.com) and improve the Portuguese entrepreneurial ecosystem, it is essential that governmental entities closely monitor all and numbers and results of the companies that received funding and support through PT2020.

The research and development of a country needs to be thought and planned not only during the present, but also on a medium and long-term. According with Fagerberg and Verspagen (2009): “countries with consolidated strategies in innovation policies – stimulating education and advanced training in science and engineering, promoting R&D to technological and non-technological

development or building learning networks and industrial cooperation - tend to be those who manage to achieve higher levels of GDP per capita”.

5.3. Incubators

Regardless of the unquestionable importance that incubators represent for startups, there is still a high number (60%) of companies that break down before reaching 5 years (Nobel, 2002). Startups are companies designed for repeatable and scalable business models (Spender et al., 2017). For this reason, it's important that incubators provide support, care and assistance so that they can develop and gradually exceed this short life expectancy. “The probability of failure of companies is clearly lower with an incubator support compared to those that try to survive alone, the mortality rate of companies that undergo incubation is 20%” (NBIA,2007). Consequently, further investment should be put forward to strengthen incubators, so that they can provide this guidance and support to early-stage companies. Moreover, besides the need for a certification, there should be continued control and supervision on the conditions offered by each incubator, and a periodical assessment on their capacity to successfully help startup businesses.

In Portugal, most incubators are part of different associations: some are associated in specific Business Incubators Centres (BICs), some are linked to the Portuguese Ministry of Employment, some are connected with National Association of Young Entrepreneurs and others are part of S&T parks (Centre for Strategy & Evaluation Services, 2002, Marques, 2005, in Varejão, 2013). Therefore, it would be also beneficial if these different companies were associated within a unique body/organization, to allow for a better coordination and organization in the sector, as already exists in other countries. This would facilitate the implementation of universal directives to supervise their activity (i.e., quality control) and the collection of quantitative data and surveys about their operations, while simultaneously functioning as an official communication channel, or “voice”, before government agencies. Although RNI was recently established to address some of these issues, it is still on an early stage and not developed enough. Yet, if it continues to progress, we believe it will have a meaningful, positive impact on the sector.

6. Conclusion

In recent years, the advancement of the entrepreneurship sector in Portugal has pushed the country forward and has therefore received significant attention at an international level. According to the SEP report, in 2017 entrepreneurs were facing difficulties to hire foreign employees and to obtain their visas (Startup Europe Partnership, 2017). Yet, presently (in 2019), Portugal implemented some benefits (e.g., Visa Tech and Startup Visa, as previously mentioned), facilitating the access of professionals and new companies to the portuguese market and increasing the country's competitiveness. Based on these initiatives promoted by the Startup Portugal program, it is clear that the country is undergoing a paradigm shift, and that an entrepreneurial culture is being deeply implemented.

Consequently, the internship carried out at GrowIN Portugal consisted in a unique opportunity for me to participate in this movement and take part into all the progress being made in the entrepreneurship area. I had the possibility to get to know and be in contact with small and medium-sized enterprises and to learn about the many projects and initiatives that Portugal has been developing for these companies during the last years.

After this valuable experience, I realized that for an incubator to be successful and accomplish its goals (i.e., effectively supporting companies that in the beginning phase) some factors are particularly important: having a well-defined strategy on how to reach the clients, having a prepared and well oriented team to liaise with these costumers and, finally, to set clear and achievable objectives for the incubated companies. Indeed, after directly dealing with many of the operations run by the company, I identified some specific areas of improvement that could potentially help to leverage GrowIN Portugal success:

1. Develop a stronger marketing strategy, so that companies interested in internationalizing could quickly find and get to know GrowIN Portugal through online searches, attracting interested customers through digital marketing in opposition to using exclusively cold call methods (i.e., contacting potential customers who had not expressed previous interest);

2. Form partnerships with African and Brazilian consulates, in order to increase the company's visibility, since these represent the company's main target markets;
3. Improve the staff's Portuguese communication skills and invest in language diversification to increase GrowIN Portugal's autonomy and expand networking opportunities.
4. Improve response times to customer requests, hiring one or more persons to help in this department.

Moreover, even though the progress of the startup ecosystem in Portugal is undeniable, during the internship several possibilities for improvement regarding the incentive systems were identified:

- As reported throughout the work, many incentives were made available to entrepreneurs opening new businesses in Portugal. However, many of the detailed information is only available in Portuguese, making it challenging to foreigners to understand and efficiently access all relevant information.
- The communication with IAPMEI, the organization responsible for managing most of the incentives, could be significantly improved. Indeed, during the internship, we sent several emails enquiring about different startup-related topics and received very few responses. Startups need to have fast and reliable communication channels with the agencies, whether to clarify doubts, give feedback or clear up terms.
- To apply to the Incentive Systems companies are confronted with many requirements (see chapter 1.4.1). I found that some consulting firms provide support during this registration procedure, helping to prepare all required documents. However, in my opinion, since many of these entrepreneurs run small and medium sized companies, these procedures could be simplified and made more accessible, thus avoiding the need for expending additional funds in external consulting.

Concluding, as stated throughout the present chapter, it is fundamental that governmental agencies and startups (regardless of their country of origin) work together and continue to build a strong, sustainable entrepreneurial environment in Portugal.

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Appendix

Some of the answers and questions compiled for GrowIN Portugal's Knowledge Base (<https://www.growinportugal.com/knowledge>)

[Home](#) > [Knowledge Base](#) > [Portugal](#) > [What is Horizon 2020?](#)

WHAT IS HORIZON 2020?

According to the EU Commission report:



The Horizon 2020 program is the biggest fund that the EU has. It amounts to a total of 80 billion euros. It is specially designed to make breakthrough discoveries that can be commercialized. This program invests in disruptive startups that have potential in R&D.


Horizon 2020 is based in Three Pillars Scientific Excellence, Industrial Leadership, and Societal Challenges.

Horizon 2020 program maintains its dominance as a leader in the areas of science and innovation. It aims to promote Europe's competitiveness, create jobs, and contribute to a better standard of living.

Financial support is provided through competitive competitions and an independent evaluation process of the submitted proposals.








WHAT IS PORTUGAL 2020?

Portugal 2020 is a partnership agreement between the EU commission and Portugal. 

Portugal 2020 program, it is the largest project focused on research support through the co-financing of research and innovation in Europe. The partnership between the EU commission and Portugal has raised an amount of over 25 billion from 2014 to 2020.

According to data from the report of the EU commission, the investment comes from five European structures and investment funds: Cohesion Fund, European Social Fund, European Regional Fund, European Agricultural Fund for Rural Development, and European Fund for Maritime Affairs and Fisheries. The main goal of the EU Commission investment is to stimulate scientific and technological excellence in Europe, for Portugal to become sustainable and competitive in innovation and technology.


Portugal's project is organized into four topics to implement:

- **Competitiveness and internalization:** Increase investment in research and development for innovation to generate: more skilled jobs, empower small and medium-sized enterprises to operate more confidently in  global markets, and improve logistics services to reduce transportation time. 
- **Social Inclusion and Employment:** Improve the access of young people to the labor market, inclusive  market (for young, old, foreigners), improve access to health and social services, and promote active inclusion and equal opportunities. 
- **Human Capital:** Improve the quality of education and training, enhance the importance of professional practice and higher education, and improve the employability of young people. 
- **Sustainability and Resource Efficiency:** Invest in renewable energy use, energy efficiency, and smart grids, increase adaptability to climate change, reduce and recycle waste, and promote efficient water management.

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WHAT TYPES OF FUNDING ARE PROVIDED BY PORTUGAL 2020?




The funding loan can apply for two types of projects, projects in the R&D sectors with significant growth dynamics or the ones with an investment of 50,000€. The second type is projects in innovative and qualified areas to reinforce the competitiveness of SME with a minimum investment of 75,000€. 

The funding is in the form of a loan at 0% interest rate with two years grace period and six years of repayment with a possibility of reimbursement exemption up to 60%. You can find all the different calls of offers on the Portugal 2020 website.



WHAT TYPES OF ACTION WERE MADE FOR PORTUGAL 2020?

Portugal 2020 fund intervention priorities are: 

- **Competitiveness and Internalization:** The focus in this section is to promote more export, reducing the freight costs and shipping time, modernize and digitalize Portugal's public administration, and increase the investment in research, development, and disruptive startups.
- **Social Inclusion and Employment:** Finding easy access for young people to employment, support the development of skills for the labor market, improve access to health and social services, and promote equal opportunities.
- **Human Capital:** Investing to improve the quality of education and training, reinforce the link between education and the job market, focusing on higher education and advanced training, which will lead to a better chance of employability.
- **Sustainability and Resource Efficiency:** Investing in sustainable and renewable energy, reducing carbon emission, reducing fires, protecting the coast from erosion, preventing flooding, decreasing the use of water and consumption, and adapting to climate change. 





WHAT ARE THE DIFFERENT EMPLOYMENT CONTRACTS IN PORTUGAL?

In Portugal, the minimum working age is 16. However, to obtain a working contract, you must be 18. 



There are several types of employment contracts;



The fixed-term contract – is an agreement with limited duration: the employee knows the ending time, and the work tasks are defined. The length of the contract can vary between six months and three years.

The unfixed-term contract – the date of termination is undefined. However, other criteria can lead to dismissal; for example, the performance of the worker. This contract cannot exceed six years.

An open-ended contract – is a full-time contract with an indefinite period where the employee is protected against dismissal and has a high level of social protection.

The short duration contract – is an agreement up to a maximum of 60 days. It is only allowed in exceptional cases such as seasonal agricultural work or tourist events.

Portuguese law requires fixed-term contracts, and unfixed-term contracts to be in writing. This requirement does not apply to the short-duration contracts.  

The Trial Period – According to Aicep Portugal, the law provides a trial period contracts, where the two parties, the employee and the employer, without prior notice or indemnity, can end the contract. This trial period depends on the type of agreement. For the unfixed-term deal, it can go from 90 to 180 days, depending on the complexity of the task, and for the senior management positions, it can last up to 240 days. For the fixed-term employment contract, if its duration is less than six months, the trial period is 15 days if the period is six months or more, the trial period is 30 days.  

The contract for foreigners – The employee must present all documents requested by the company. A foreign employee, with all legal authorization, have the same rights as a national employee.

The employment contract with a foreigner is subject to a written agreement and must contain all information provided to the employee. The deal is delivered to both parties, where the employer must inform the responsible ministry to inspect and accept the documents before the start date of the employee.


The contract for the disabled or with chronic diseases – An employee with a disability or chronic illness has the same rights. It is subject to the same duties as other workers in access to employment, vocational training, promotion or career, and working conditions. However, the employee with a disability or chronic illness is exempt from work if it could harm his health or safety.

The contract for Student-worker – The student-worker is someone who is enrolled in any level of school education, as well as a postgraduate, master's or doctoral degree at an educational institution, or a vocational training course or temporary youth training program of six months or more.

According to **Autoridades para condição de Trabalho (ACT)**, the student's working hours should be adjusted to allow the attendance of classes and the displacement to the educational establishment. When it is not possible to change the work schedule, the student is released from work without losing his rights. The maintenance of student-worker status depends on achievement in the previous school year. The working student must consult the regulations of its university previously to match his working hours.



WHAT ARE THE REQUIREMENTS FOR THE HIRING INCENTIVES IN PORTUGAL?

Portugal offers a range of incentives to hire an employee in different situations. According to the IEFP (Institute of Employment and Training), Companies can hire from IEFP registered professionals by submitting a request. 

- Financial support for employers who sign an employment contract, with no fixed term or a fixed term of more than 12 months.
- Partial exemption or total exemption from the payment of contributions to the social security scheme, to the company that hires a young person looking for his/her first job contract, or was unemployed for a long time.



WHAT ARE THE HIRING INCENTIVES IN PORTUGAL?

According to the Decree-Law 72/2017, published on 21.06, 

- A 50% reduction of the employer's contribution for five years if he or she hires young graduates and for three years if he or she hires someone that had a long period of unemployment.
- A 100% exemption of the employer's contribution for three years if he or she hires someone who had a very long unemployment period



How long does the process of getting a regular resident permit or golden visa take?

HOW LONG DOES THE PROCESS OF GETTING A REGULAR RESIDENT PERMIT OR GOLDEN VISA TAKE?

Regular resident permit:




- Visa application in the country of origin which vary from one state to another. Which estimated between one week to a month.
- The resident permit is ready within 90 days after the application.

Golden visa:

- Generally, it takes around eight months for the decision after submitting the application.
- The payment of the permit is within the first month.
- The residence permit will be ready four weeks after approval.



HOW TO APPLY FOR THE REGULAR RESIDENT PERMIT, STARTUP VISA, AND GOLDEN VISA?

The interest of moving to Portugal, preferably submitted through the electronic platform (SAPA portal) and the application of a residence permit form, can be submitted personally by the applicant to any SEF's directorate or regional delegation. 

Regular resident permit:

- Passport or any other valid travel document;
- Evidence of daily entry in the Portuguese territory;
- Evidence of sufficient means of subsistence;
- No criminal record from the country of origin and previous state of residence;
- Proof of housing;
- Confirmation of having registered with the Social Security, except in the case of a promised employment contract;
- Tax authority(NIF) registration ;
- Contract of employment or document issued under article 88, paragraph 2, subparagraph a) of Law n° 23/2007 of 4 July; OR
- Promised employment contracts according to the law.

Startup Visa: for entrepreneurs wanting to implement their innovative business in Portugal must show

- Passport or any other valid travel document;
- Evidence of regular entry in the Portuguese territory ;
- Proof of sufficient means of subsistence, as per the provisions of Order Number 1563/2007, of 11 December;
- Extract from the criminal record from the country of origin;
- Extract from the illegal file from the state from the previous country of residence;
- Permission for SEF to check Portuguese criminal record;
- Evidence that the applicant has adequate accommodation;
- Confirmation of having registered with Social Security;
- Proof of registration in the tax authority;
- Testimony of setting up legally your startup or company following the Portuguese laws;

Golden Visa:

- Must be requested at the immigration and borders service;
- Sending the relevant investment beforehand with all the necessary documents that prove it;
- The applicant must be present.



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WHAT ARE THE REQUIREMENTS FOR THE DIFFERENT PERMITS?



Regular resident permit:

- Employment
- Entrepreneurial activities
- Scientific research or teaching
- For studies, student exchange, internship or voluntary service
- Higher education mobility programs
- Family reunification

Golden visa: to be eligible, one of the following investments is required:

- Capital transfer with a minimum value of 1M€
- Creation of at least ten job positions
- Purchase of real estate property with a minimum amount of 500,000€
- The purchase of real estate property for a total value equal to or above 350 thousand Euros with construction dating back to more than 30 years;
- An investment fair to or above 350 thousand Euros in R&D activities managed by public or private scientific research institutions ;
- An investment equal to or above 250 thousand Euros in the art industry, restoration and maintenance of the national heritage, through the public authorities;
- An investment of 350 thousand Euros, or higher, into an investment fund or venture capital that promote startup
- An investment of 350 thousand Euros, or higher, to the implementation of a startup with a headquarter in the domestic area, leading to the creation of at least five permanent jobs.



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