

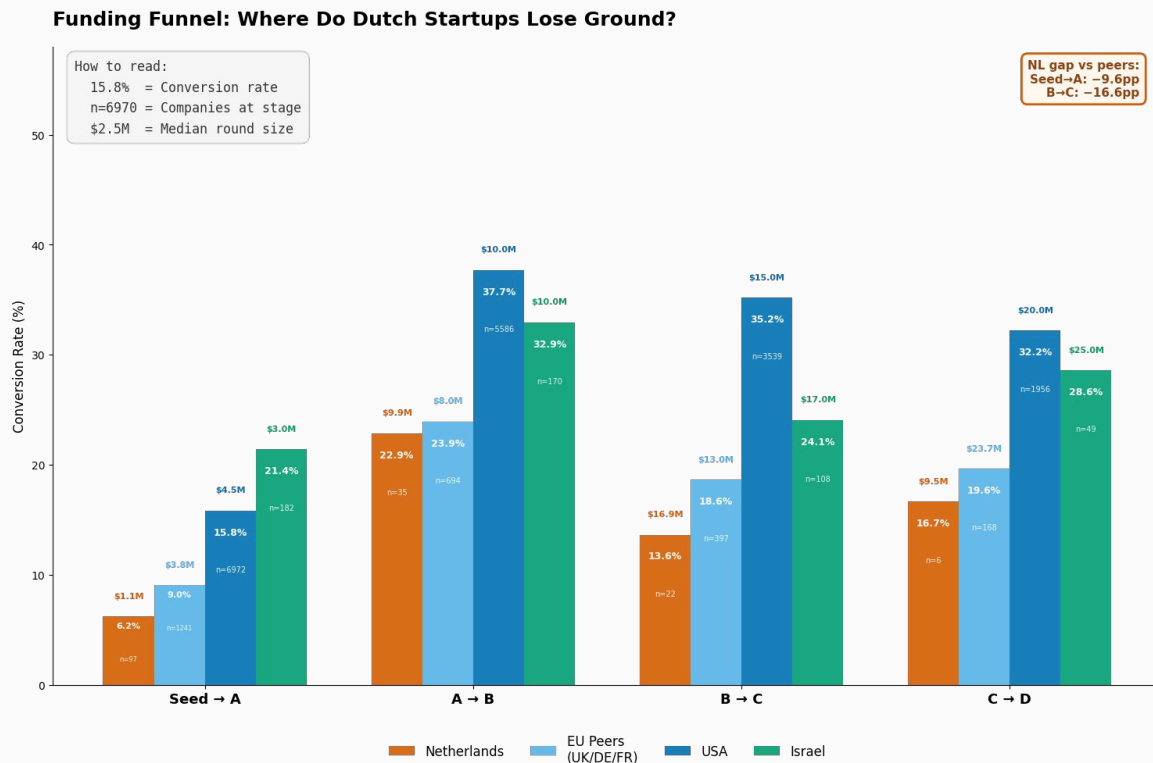
Policy Briefing for the Ministry of Economic Affairs

Research Question: How does the Dutch startup ecosystem benchmark against other countries, and what can policymakers do to support it?

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Finding 1: Dutch Startups fail at the first critical growth step

Region	Seed → A	A → B	B → C
Netherlands	6.2%	22.9%	13.6%
EU Peers	9.0%	23.9%	18.6%
USA	15.8%	37.7%	35.2%
Israel	21.4%	32.9%	24.1%

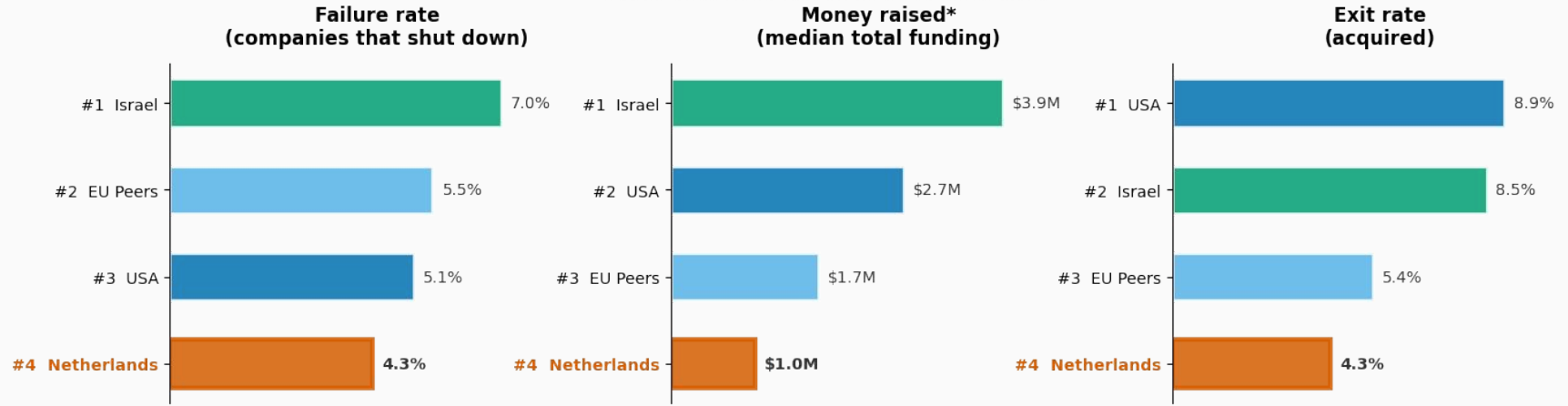


The main weakness lies **after the seed phase**. Dutch startups **struggle to scale**, especially when moving to Series A and later growth rounds, rather than in accessing early funding.

Finding 2: Dutch Startups play it safe

Playing It Small

Netherlands ranks last on all three dimensions



THE PATTERN

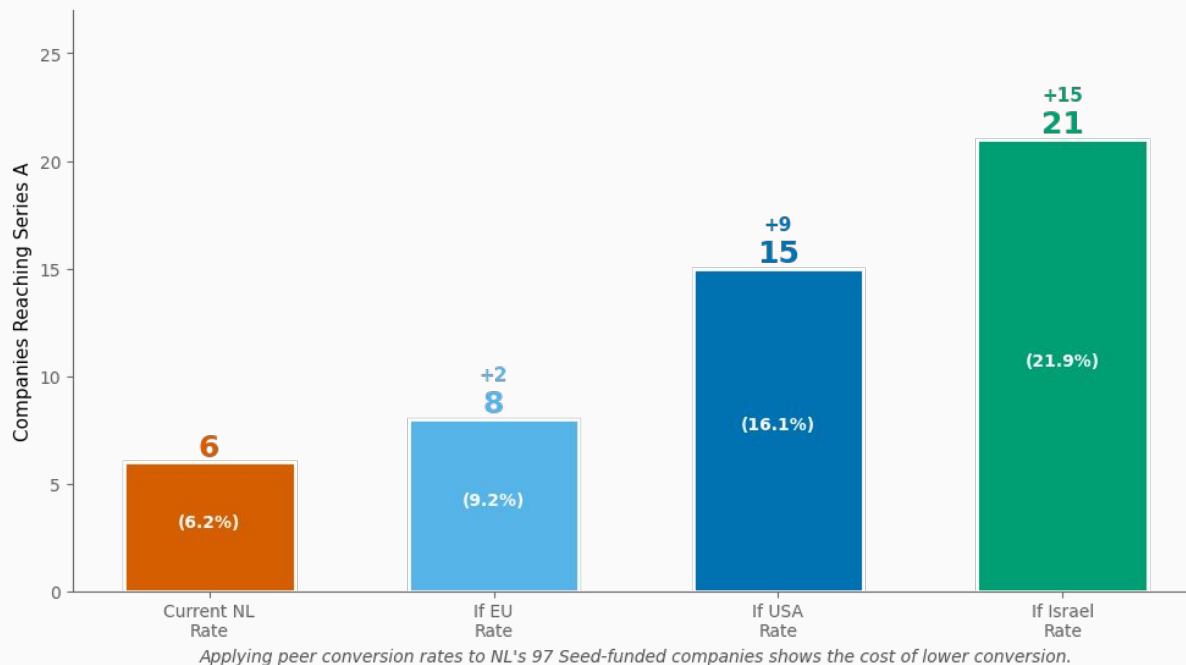


**Median funding includes only companies with funding data (>\$0)*

Dutch startups **fail less**, but they also **raise less funding and deliver fewer big successes**, pointing to a **cautious, low-risk ecosystem**.

Finding 3: The Dutch Startup System Loses >9 Scale-Ups Per Year

The Opportunity Cost: Scale-ups from 97 NL Seed Companies



Because the Netherlands trails the USA in Seed → A conversion, it loses around nine potential scale-ups each year. This reduces the country's ability to **compete internationally in emerging technologies**.

Recommendations

1. Help Startups Survive the Early Growth Phase

Learning from other nations, especially from Israel, shows that **public co-investment** alongside **private and foreign venture capital** can significantly **improve startup growth** (Seed > A). Adopting this approach would help more Dutch startups move from early funding to international scale. (Yozma Program)

2. Encourage Private Investors to Take Early-Stage Risk

Policy from the UK shows that **targeted tax incentives** make **early-stage investing more attractive** and **significantly increase angel investor participation**. Introducing a similar incentive in the Netherlands would **reduce investor risk** possibly leading to bigger bets.

3. Align Incentives Toward Growth and Scale

The problem is not the quality of Dutch founders, but the **limited incentives** to take risks early on. **Better tax incentives** for early investors and employee share schemes would make it **more attractive to support startups with high growth potential**.

Limitations

- The data covers startups **up to 2014**; the Dutch startup ecosystem has continued to develop since then.
- The number of Dutch companies in the **dataset is limited** (Total: 305 / Seed: 97)
- No data on financial performance or actual revenue of the companies
- Exit data does not show the **value of exits**, meaning not all acquisitions represent strong economic outcomes.
- Cannibalization: More startups do not always mean a growing tech space, as increased competition can reduce outcomes of incumbents.
- Some startups may have moved their headquarters abroad between funding rounds, which can affect national comparisons.